

CRS Report for Congress

Received through the CRS Web

Defense Transformation: Background and Oversight Issues for Congress

Updated November 9, 2006

Ronald O'Rourke
Specialist in National Defense
Foreign Affairs, Defense, and Trade Division

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 09 NOV 2006		2. REPORT TYPE N/A		3. DATES COVERED -	
4. TITLE AND SUBTITLE Defense Transformation: Background and Oversight Issues for Congress				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service The Library of Congress, 101 Independence Ave SE, Washington, DC 20540-7500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release, distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT SAR	18. NUMBER OF PAGES 49	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Defense Transformation: Background and Oversight Issues for Congress

Summary

The Bush Administration identified transformation as a major goal for the Department of Defense (DOD) soon after taking office, and has justified many of its initiatives for DOD in connection with the concept. Defense transformation can be defined as large-scale, discontinuous, and possibly disruptive changes in military weapons, concepts of operations (i.e., approaches to warfighting), and organization. The issue for Congress is how to take the concept of defense transformation into account in assessing and acting on Administration proposals for DOD.

The Administration argues that new technologies make defense transformation possible and that new threats to U.S. security make defense transformation necessary. The Administration's vision for defense transformation calls for placing increased emphasis in U.S. defense planning on irregular warfare, including terrorism, insurgencies, and civil war; potential catastrophic security threats, such as the possession and possible use of weapons of mass destruction by terrorists and rogue states; and potential disruptive events, such as the emergence of new technologies that could undermine current U.S. military advantages. The Administration's vision for defense transformation calls for shifting U.S. military forces toward a greater reliance on joint operations, network-centric warfare, effects-based operations, speed and agility, and precision application of firepower. Transformation could affect the defense industrial base by transferring funding from "legacy" systems to transformational systems, and from traditional DOD contractors to firms that previously have not done much defense work.

Debate has arisen over several elements of the Administration's transformation plan, including its emphasis on network-centric warfare; the planned total size of the military; the balance between air and ground forces; the restructuring of the Army; the balance of tactical aircraft relative to unmanned air vehicles and bombers; its emphases on missile defense and special operations forces; and its plans regarding reserve forces and forces for stability operations. Potential areas of debate regarding the Administration's strategy for implementing transformation include overall leadership and management; the balance of funding for transformation vs. near-term priorities; the roles of DOD offices responsible for transformation; tests, exercises, and metrics for transformation; independent analysis of the Administration's plans; and actions for creating a culture of innovation.

Some observers are concerned that the Administration's regular (some might even say habitual) use of the term transformation has turned the concept of transformation into an empty slogan or buzz-phrase. Other observers are concerned that the Administration has invoked the term transformation as an all-purpose rhetorical tool for justifying its various proposals for DOD, whether they relate to transformation or not, and for encouraging minimal debate on those proposals by tying the concept of transformation to the urgent need to fight the war on terrorism. The **FY2007 defense authorization act (H.R. 5122/P.L. 109-364** of October 17, 2006; conference report H.Rept. 109-702 of September 29, 2006) contains provisions and other references to transformation. This report will be updated as events warrant.

Contents

Introduction	1
Issue For Congress	1
Related CRS Reports	1
Organization of the Report	2
Background	2
What Is Defense Transformation?	3
What Are The Administration's Plans For Transformation?	5
DOD Publications	5
Overall Vision	5
Service and Agency Transformation Plans	8
Office of Force Transformation	9
U.S. Joint Forces Command	11
New Weapon Acquisition Regulations	11
How Much Would Transformation Cost?	12
What Weapons And Systems Are Transformational?	13
How Might It Affect the Defense Industrial Base?	14
How Might It Affect Operations With Allied Forces?	15
What Transformational Changes Has Congress Initiated?	17
Oversight Issues for Congress	18
Is Defense Transformation Necessary or Desirable?	18
New Technologies	18
Asymmetric Challenges	19
Preserving Conventional Superiority	19
Opportunity And Risk	20
Comparative Costs	21
If So, Is The Administration's Plan Appropriate?	21
Proposed Direction Of Change	21
Proposed Strategy For Implementing Transformation	28
Potential Implications for Congressional Oversight of DOD	35
Committee Organization	35
Adequacy of Information and Metrics for Assessment	36
Oversight of Weapons Acquisition	36
Transformation As All-Purpose Justification Tool	38
Congressional Transformation Initiatives	39
Potential Impact of Rumsfeld's Departure on Transformation	39
Legislative Activity For FY2007	42
FY2007 Defense Authorization Act (H.R. 5122/P.L. 109-364)	42
House	42
Senate	42
Conference Report	43

Defense Transformation: Background and Oversight Issues for Congress

Introduction

Issue For Congress

The Bush Administration identified transformation as a major goal for the Department of Defense (DOD) soon after taking office. The Administration argues that new technologies make defense transformation possible, and that new threats to U.S. security make defense transformation necessary. The Administration has justified many of its proposals for DOD on the grounds that they are needed for defense transformation. The Administration's emphasis on transformation has altered the framework of debate for numerous issues relating to U.S. defense policy and programs.

The issue for Congress is how to take the concept of defense transformation into account in assessing and acting on Administration proposals for DOD. Key oversight questions for Congress relating to this issue include the following:

- Is defense transformation necessary or desirable?
- If so, is the Administration's plan for defense transformation appropriate in terms of content and implementation strategy?
- What implications might the Administration's plan for defense transformation have for congressional oversight of DOD activities?

Congress's decisions on these issues could have significant implications for future U.S. military capabilities, DOD funding requirements, the defense industrial base, and future congressional oversight of DOD activities.

Related CRS Reports

This report addresses defense transformation from a DOD-wide perspective. For discussions of transformation as it relates to specific parts of DOD, see the following CRS reports:

- CRS Report RS20787, *Army Transformation and Modernization: Overview and Issues for Congress*, by Edward F. Bruner,
- CRS Report RL32476, *U.S. Army's Modular Redesign: Issues for Congress*, by Andrew Feickert,

- CRS Report RS20859, *Air Force Transformation*, by Christopher Bolkcom,
- CRS Report RS20851, *Naval Transformation: Background and Issues for Congress*, by Ronald O'Rourke,
- CRS Report RL32411, *Network Centric Warfare: Background and Oversight Issues for Congress*, by Clay Wilson,
- CRS Report RL31425, *Military Transformation: Intelligence, Surveillance, and Reconnaissance*, by Judy G. Chizek,
- CRS Report RL32151, *DOD Transformation Initiatives and the Military Personnel System: Proceedings of a CRS Seminar*, by Lawrence Kapp, and
- CRS Report RL33148, *U.S. Military Overseas Basing: New Developments and Oversight Issues for Congress*, by Robert D. Critchlow.

Organization of the Report

The next section of this report provides basic background information on defense transformation. The following section addresses key oversight questions for Congress.

Background

This section provides basic background information on the concept of defense transformation and the Administration's plans for defense transformation. Questions addressed in this section include the following:

- What is defense transformation?
- What are the Administration's plans for defense transformation?
- How much would defense transformation cost?
- What military weapons and systems are considered transformational?
- How might the Administration's transformation plans, if implemented, affect the U.S. defense industrial base?
- What implications might defense transformation have for the ability of U.S. military forces to participate in combined operations with the military forces of allied and friendly countries?

What Is Defense Transformation?

The term defense transformation came into common use in the late 1990s. It has been defined by military officials, military analysts, and other observers in various ways. In general, though, defense transformation can be thought of as large-scale, discontinuous, and possibly disruptive changes in military weapons, concepts of operations (i.e., approaches to warfighting), and organization that are prompted by significant changes in technology or the emergence of new and different international security challenges.¹

Advocates of defense transformation stress that, in contrast to incremental or evolutionary military change brought about by normal modernization efforts, defense transformation is more likely to feature discontinuous or disruptive forms of change. They also stress that while much of the discussion over transformation centers on changes in military weapons and systems, changes in organization and concepts of operations can be as important, or even more important, than changes in weapons and systems in bringing about transformation. Changes in organization and concepts of operation, some have argued, can lead to transformation even without changes in weapons and systems, while even dramatic changes in weapons and systems might not lead to transformation if not accompanied by changes in organization and concepts of operation.

DOD has defined transformation in one document as a

process that shapes the changing nature of military competition and cooperation through new combinations of concepts, capabilities, people and organizations that exploit our nation's advantages and protect against our asymmetric vulnerabilities to sustain our strategic position, which helps underpin peace and stability in the world.

First and foremost, transformation is a continuing process. It does not have an end point. Transformation anticipates and creates the future and deals with the co-evolution of concepts, processes, organizations, and technology. Profound change in any one of these areas necessitates change in all. Transformation creates new competitive areas and competencies and identifies, leverages, or creates new underlying principles for the way things are done. Transformation also identifies and leverages new sources of power. The overall objective of these changes is to sustain U.S. competitive advantage in warfare.²

¹ Some transformation advocates argue that transformation can and should be pursued during periods of military dominance and political stability. They argue that countries that are defeated in military conflicts learn much faster from their experience in war than do countries that are victorious. Victorious countries, they argue, can become complacent, making only incremental improvements to military forces and concepts of operations that appear dominant, and are then unpleasantly surprised in subsequent conflicts by adversaries that, in the meantime, have developed new and unforeseen military capabilities.

² U.S. Department of Defense, Office of the Secretary of Defense, Director, Force Transformation, *Military Transformation[:] A Strategic Approach*, fall 2003, p. 8.

The Administration's view of transformation has evolved somewhat since early 2001 to include more emphasis on transformation as a continuing process rather than one with an endpoint, and on making changes not just in combat forces and warfighting doctrine, but in supporting DOD activities such as training, personnel management, logistics, and worldwide basing arrangements. The Administration's definition of transformation also encompasses making changes in DOD business policies, practices, and procedures, particularly with an eye toward streamlining operations and achieving efficiencies so as to reduce costs and move new weapon technologies from the laboratory to the field more quickly. The Administration has also used the term transformation to refer to proposed changes in matters such as the budget process and environmental matters affecting military training.³

Some observers have equated transformation principally with the idea of making U.S. forces more mobile, agile, and lethal through greater reliance on things such as unmanned vehicles (UVs), advanced technologies for precision-strike operations, and special operations forces (SOF). Other observers have equated transformation principally with the concept of network-centric warfare (NCW)⁴ and the C4ISR⁵ technologies needed to implement NCW. Still others have equated transformation primarily with making U.S. military forces more expeditionary,⁶ with making order-of-magnitude improvements in specific military capabilities, with making many smaller improvements that add up to larger improvements, or with the notion of weapon modernization in general.

Some of these alternative formulations are not so much definitions of transformation as prescriptions for how U.S. military forces should be transformed. Others can be viewed as reducing the threshold of what qualifies as transformation by including changes that, while perhaps dramatic, represent an elaboration of current practices and arrangements rather than something discontinuous with or disruptive of those practices and arrangements.

³ For additional discussion, see U.S. Department of Defense, *Elements of Defense Transformation*. Washington, 2004, 17 pp. Available on the Internet at [http://www.oft.osd.mil/library/library_files/document_383_ElementsOfTransformation_LR.pdf]

⁴ NCW refers to using networking technology — computers, data links, and networking software — to link U.S. military personnel, ground vehicles, aircraft, and ships into a series of highly integrated local- and wide-area networks capable of sharing critical tactical information on a rapid and continuous basis. For more on NCW, see U.S. Department of Defense, Office of Force Transformation, *The Implementation of Network-Centric Warfare*. Washington, 2005, 76 pp. Available on the Internet at [http://www.oft.osd.mil/library/library_files/document_387_NCW_Book_LowRes.pdf]

⁵ C4ISR stands for command, control, communications, computers, intelligence, surveillance, and reconnaissance.

⁶ In general, this means making U.S. forces more capable of rapidly moving to distant operating areas and conducting operations in those areas with less reliance on pre-existing in-theater bases, infrastructure, or supplies.

Related to the concept of defense transformation is the somewhat earlier term Revolution in Military Affairs (RMA), which came into use in the early 1990s.⁷ RMAs are periodic major changes — discontinuities — in the character of warfare. Depending on the source consulted, a few or several RMAs are deemed to have occurred in recent decades or centuries. Although the terms transformation and RMA have sometimes been used interchangeably, RMA can be used to refer to a major change in the character of warfare, while transformation can be used to refer to the process of changing military weapons, concepts of operation, and organization in reaction to (or anticipation of) an RMA.

What Are The Administration's Plans For Transformation?

DOD Publications. DOD has published a number of documents describing the Administration's plans for defense transformation. Among these are *Elements of Defense Transformation*, published in October 2004, *Military Transformation: A Strategic Approach*, published in the fall of 2003, *Transformation Planning Guidance*, published in April 2003, and separate transformation plans (called road maps) for each of the military services. These and other DOD publications on transformation can be found at the website for DOD's Office of Force Transformation, or OFT [<http://www.oft.osd.mil>].⁸

Overall Vision. In general, the Administration's vision for defense transformation calls for placing increased emphasis in U.S. defense planning on irregular warfare (including terrorism, insurgencies, and civil war), potential catastrophic security threats (such as the possession and possible use of weapons of mass destruction by terrorists and rogue states), and potential disruptive events (such as the emergence of new technologies that could undermine current U.S. military advantages).⁹

⁷ The term RMA was a reformulation of the even earlier term, Military Technical Revolution (MTR), which was coined by Soviet military analysts during the Cold War to refer to fundamental changes in warfare that are brought about by major new technologies, such as nuclear weapons. Western military analysts, concerned that the term MTR placed too exclusive an emphasis on changes in technology, created the term RMA so as to take into account changes in military organization and concepts of operations as well.

⁸ Although OFT was disestablished on October 1, 2006, the web page at [<http://www.oft.osd.mil>] remained online as of October 23, 2006.

⁹ For press articles discussing this shift in the focus of U.S. defense planning, see Jason Sherman, "US Revises Threat Scenarios," *DefenseNews.com*, Nov. 22, 2004; Jason Sherman, "US War On Terror Looms For QDR," *Defense News*, Oct. 25, 2004: 4; Jason Sherman, "U.S. Goals Sought On Battling The Unconventional," *Defense News*, Sept. 20, 2004; and Thomas E. Ricks, "Shift From Traditional War Seen At Pentagon," *Washington Post*, Sept. 3, 2004: 1.

For a discussion of the relationship between transformation and potential disruptive events, see Terry J. Pudas, "Disruptive Challenges and Accelerating Force Transformation," *Joint Force Quarterly*, Issue 42, 3rd Quarter, 2006: 43-50.

The Administration's vision for defense transformation calls for shifting the U.S. military away from a reliance on massed forces, sheer quantity of firepower, military services operating in isolation from one another, and attrition-style warfare,¹⁰ and toward a greater reliance on joint (i.e., integrated multi-service) operations, NCW, effects-based operations (EBO),¹¹ speed and agility, and precision application of firepower. Some transformation advocates characterize these changes as shifting from an industrial-age approach to war to an information-age approach.

As mentioned earlier, the Administration's transformation vision also includes proposals for changing things like training practices, personnel management practices, logistics operations, and worldwide basing arrangements, and for changing DOD's business practices, particularly with an eye toward streamlining those practices so as to accelerate the fielding of new weapons and generate savings that can be used to invest in them. A potential emerging area of DOD's vision for defense transformation are actions to reduce DOD's energy requirements and to develop alternative energy sources, particularly for forces operating in distant theaters.¹²

DOD has stated that its transformation effort is focused on achieving six "critical operational goals" and consists of four essential "pillars:"

Six critical operational goals identified by Secretary of Defense Donald H. Rumsfeld provide the focus for the Department's transformation efforts: (1) Protecting critical bases and defeating chemical, biological, radiological, and nuclear weapons; (2) Projecting and sustaining forces in anti-access environments; (3) Denying enemy sanctuary; (4) Leveraging information technology; (5) Assuring information systems and conducting information operations; and (6) Enhancing space capabilities. Over time, the continued focus

¹⁰ Attrition-style warfare refers to a traditional warfighting strategy that focuses on seeking out the enemy's military forces, wherever they might be, and then using firepower to destroy them piece by piece, through a process of gradual attrition, until the enemy is no longer capable of fighting effectively.

¹¹ Effects-based operations, also called effects-based warfare, refers to a warfighting strategy that has been proposed as an alternative to traditional attrition-style warfare. Rather than focusing on seeking out and destroying enemy forces wherever they might be, effects-based operations focuses on attacking selected key elements of the enemy's ability to fight in a coordinated manner. Under an effects-based strategy, U.S. forces might attack the enemy's military leadership, its military command-and-control systems, and the most politically and militarily significant elements of the enemy's fielded military forces while bypassing less significant enemy military forces. The goal of effects-based warfare is to create specific effects on the enemy that lead to a rapid collapse of the enemy's willingness and ability to fight, without having to go through a time-consuming and potentially costly effort to destroy the bulk of the enemy's military forces through a gradual process of attrition.

Some observers argue that the concept of effects-based operations is not new and has been employed in past conflicts. Observers also argue, however, that new technologies may significantly increase the effectiveness of effects-based operations.

¹² Scott C. Buchanan, "Energy and Force Transformation," *Joint Force Quarterly*, Issue 42, 3rd Quarter, 2006: 51-54.

of the Department's force transformation efforts on the development of the capabilities necessary to achieve these six critical operational goals will help shift the balance of U.S. forces and broaden our capabilities....

The four military transformation pillars identified by the Secretary — strengthening joint operations, exploiting U.S. intelligence advantages, concept development and experimentation, and developing transformational capabilities — constitute the essential elements of the Department's force transformation strategy. The first pillar focuses on strengthening joint operations through the development of joint concepts and architectures and the pursuit of other important jointness initiatives and interoperability goals. The overarching *Joint Operations Concepts (JOpsC)* document provides the operational context for military transformation by linking strategic guidance with the integrated application of Joint Force capabilities. The second pillar involves exploiting U.S. intelligence advantages through multiple intelligence collection assets, global surveillance and reconnaissance, and enhanced exploitation and dissemination. Our ability to defend America in the new security environment requires unprecedented intelligence capabilities to anticipate where, when, and how adversaries intend to harm us.

The third pillar, concept development and experimentation, involves experimentation with new approaches to warfare, operational concepts and capabilities, and organizational constructs through war gaming, simulations, and field exercises focused on emerging challenges and opportunities. Experiments designed to evaluate new concepts provide results that help refine those concepts in an iterative fashion. [Regarding the fourth pillar, the] Department requires strong mechanisms for implementing results from concept development and experimentation and, more immediately, for developing transformational capabilities needed to support the JOpsC and subordinate Joint Operating Concepts.¹³

In its report on the 2005 Quadrennial Defense Review, submitted to Congress on February 6, 2006, DOD stated:

If one were to attempt to characterize the nature of how the Department of Defense is transforming and how the senior leaders of this Department view that transformation, it is useful to view it as a shift of emphasis to meet the new strategic environment. In this era, characterized by uncertainty and surprise, examples of this shift in emphasis include:

- From a peacetime tempo — to a wartime sense of urgency.
- From a time of reasonable predictability — to an era of surprise and uncertainty.
- From single-focused threats — to multiple, complex challenges.
- From nation-state threats — to decentralized network threats from non-state enemies.
- From conducting war against nations — to conducting war in countries we are not at war with (safe havens).
- From “one size fits all” deterrence — to tailored deterrence for rogue powers, terrorist networks and near-term competitors.

¹³ *Military Transformation[.] A Strategic Approach*, op. cit., p. 3.

- From responding after a crisis starts (reactive) — to preventive actions so problems do not become crises (proactive).
- From crisis response — to shaping the future.
- From threat-based planning — to capabilities-based planning.
- From peacetime planning — to rapid adaptive planning.
- From a focus on kinetics — to a focus on effects.
- From 20th century processes — to 21st century integrated approaches.
- From static defense, garrison forces — to mobile, expeditionary operations.
- From under-resourced, standby forces (hollow units) — to fully-equipped and fully-manned forces (combat ready units).
- From a battle-ready force (peace) — to battle-hardened forces (war).
- From large institutional forces (tail) — to more powerful operational capabilities (teeth).
- From major conventional combat operations — to multiple irregular, asymmetric operations.
- From separate military Service concepts of operation — to joint and combined operations.
- From forces that need to deconflict — to integrated, interdependent forces.
- From exposed forces forward — to reaching back to CONUS [the continental United States] to support expeditionary forces.
- From an emphasis on ships, guns, tanks and planes — to focus on information, knowledge and timely, actionable intelligence.
- From massing forces — to massing effects.
- From set-piece maneuver and mass — to agility and precision.
- From single Service acquisition systems — to joint portfolio management.
- From broad-based industrial mobilization — to targeted commercial solutions.
- From Service and agency intelligence — to truly Joint Information Operations Centers.
- From vertical structures and processes (stovepipes) — to more transparent, horizontal integration (matrix).
- From moving the user to the data — to moving data to the user.
- From fragmented homeland assistance — to integrated homeland security.
- From static alliances — to dynamic partnerships.
- From predetermined force packages — to tailored, flexible forces.
- From the U.S. military performing tasks — to a focus on building partner capabilities.
- From static post-operations analysis — to dynamic diagnostics and real-time lessons learned.
- From focusing on inputs (effort) — to tracking outputs (results).
- From Department of Defense solutions — to interagency approaches.¹⁴

Service and Agency Transformation Plans. The military services and DOD agencies have developed transformation plans or road maps in support of DOD's overall transformation vision.

The Army's transformation plan centers on reorganizing the Army into modular, brigade-sized forces called Units of Action (UAs) that can be deployed to distant

¹⁴ U.S. Department of Defense, *Quadrennial Defense Review Report*. Washington, 2006. (February 6, 2006) pp. vi-vii.

operating areas more easily and can be more easily tailored to meet the needs of each contingency.

Key elements of the Air Force's transformation plan include reorganizing the service to make it more expeditionary, and exploiting new technologies and operational concepts to dramatically improve its ability to rapidly deploy and sustain forces, to dominate air and space, and to rapidly identify and precisely attack targets on a global basis.

Key elements of naval transformation include a focus on operating in littoral (i.e., near shore) waters, new-design ships requiring much-smaller crews, directly launching and supporting expeditionary operations ashore from sea bases, more flexible naval formations, and more flexible ship-deployment methods.

Elements common to the transformation plans of all the services include greater jointness, implementing NCW, and greater use of unmanned vehicles (UVs). As mentioned earlier, for more on the transformation plans of the Army in general, the Army plan for UAs, the Air Force, and the Navy, see CRS Report RS20787, CRS Report RL32476, CRS Report RS20859, and CRS Report RS20851, respectively.

Office of Force Transformation. As part of its strategy for implementing transformation,¹⁵ DOD in October 2001 created the Office of Force Transformation (OFT), which resided within the Office of the Secretary of Defense (OSD). OFT was a small office with a staff of roughly 18 people and an annual budget of roughly \$20 million. It reported directly to the Secretary of Defense. Among other things, OFT issued guidance to the rest of DOD on transformation; reviewed and approved transformation plans submitted by the military services and DOD agencies; acted as a generator, promoter, and clearinghouse of ideas for transformation; and generally evangelized in support of transformation.¹⁶

¹⁵ For a general discussion of this strategy, see Walter P. Fairbanks, "Implementing the Transformation Vision," *Joint Force Quarterly*, Issue 42, 3rd Quarter, 2006: 36-42.

¹⁶ An official from OFT, in an article published in the summer of 2006, stated the following:

One DOD tool for tracking overall progress each year is the *Strategic Transformation Appraisal*. Preparing the appraisal and presenting it to the Secretary of Defense are important responsibilities of the Director of Force Transformation; the document assists the Secretary in evaluating progress across DOD in the implementation of transformation, both in direction and balance. In developing the appraisal, the OFT reviews the annual Service transformation roadmaps and the joint roadmap prepared by U.S. Joint Forces Command and assesses the direction of transformation. These roadmaps are compared with broad guidance contained in key DOD documents such as the *Quadrennial Defense Review Report*, *Transformation Planning Guidance*, and *Strategic Planning Guidance*.

The Office of Force Transformation employs three sets of qualitative metrics to analyze roadmaps. The first set, derived from the *National Defense Strategy*, reviews the four strategic challenges facing the United States

(continued...)

From October 29, 2001, until January 31, 2005, the director of OFT was retired Navy Vice Admiral Arthur K. Cebrowski.¹⁷ Cebrowski, who died in November 2005, was a leading advocate and intellectual developer of defense transformation. Prior to becoming director of OFT, Cebrowski was President of the Naval War College, where he was a proponent of the then-emerging concept of NCW and initiated studies on radically new kinds of Navy warships. Following Cebrowski's departure from OFT in January 2005, the office's deputy director, Terry Pudas, served as acting director.

On August 28, 2006, DOD announced that it planned to dissolve OFT and transfer its functions into other DOD offices.¹⁸ The announcement followed press reports dating back to April 2005 about the possible fate of the office.¹⁹ OFT was disestablished on October 1, 2006; its research and development projects were transferred to DOD's Director for Defense Research and Engineering (DDR&E), and its operation and maintenance activities were transferred to the Under Secretary of Defense for Policy.²⁰

¹⁶ (...continued)

(traditional, irregular, catastrophic, and disruptive) as the first step in a top-down CBP [capabilities-based planning] effort. The second set focuses on capabilities described in the four approved joint operating concepts (JOCs). The joint interdependencies the Services have identified in their transformation roadmaps form the third set of qualitative metrics used in the analysis. The OFT analysis identifies capability gaps and shortfalls that have not been addressed in the transformation roadmaps and generates conclusions and recommendations concerning the state of transformation in DOD.

(Walter P. Fairbanks, "Implementing the Transformation Vision," *Joint Force Quarterly*, Issue 42, 3rd Quarter, 2006: 36-42.)

¹⁷ Vice Admiral Cebrowski died on November 12, 2005, after a long illness.

¹⁸ Gopal Ratnam, "Pentagon To Dissolve Transformation Office," *DefenseNews.com*, Aug. 29, 2006; Christopher P. Cavas, "Pentagon May Close Transformation Office," *Defense News*, Aug. 28, 2006.

¹⁹ In April 2005, it was reported that the Office of the Secretary of Defense had commissioned retired admiral James Ellis, who commanded the U.S. Strategic Command from 2001 to 2004, to prepare a set of options for OFT's future. These options reportedly included, but may not have been limited to, keeping OFT as is, moving it to a new location within DOD (such as under DOD's acquisition office or under U.S. Joint Forces Command), or expanding OFT. Ellis' study reportedly also recommended that a new director be found for OFT. (Jason Sherman, "DSB: Commanders Require New Tools For Transformation In Terror War," *Inside the Pentagon*, Sept. 1, 2005.)

In September 2005, it was reported that a study conducted by the Defense Science Board (DSB) — an advisory panel to the Secretary of Defense — suggested that, in light of the broad acceptance of transformation within DOD over the last few years, OFT may no longer be necessary. The DSB study reportedly referred to OFT as "an organizational applique" and criticized OFT's role in overseeing and critiquing the services transformation plans. (Ibid. See also Roxana Tiron, "Military-Transformation Agency At Crossroads, After Cebrowski," *The Hill*, Sept. 15, 2005.)

²⁰ Jason Sherman, "England Memo Spells Official End of DOD Transformation Office," (continued...)

U.S. Joint Forces Command. As another measure to help implement transformation, DOD designated U.S. Joint Forces Command (USJFCOM), a unified military command with a staff of more than 800 headquartered in Norfolk, VA, as the military's premier "transformation laboratory." USJFCOM states:

U. S. Joint Forces Command (USJFCOM) is one of nine combatant commands in the Department of Defense, and the only combatant command focused on the transformation of U.S. military capabilities.

Among his duties, the commander of USJFCOM oversees the command's four primary roles in transformation — joint concept development and experimentation, joint training, joint interoperability and integration, and the primary conventional force provider as outlined in the Unified Command Plan approved by the president.

The Unified Command Plan designates USJFCOM as the "transformation laboratory" of the United States military to enhance the combatant commanders' capabilities to implement the president's strategy. USJFCOM develops joint operational concepts, tests these concepts through rigorous experimentation, educates joint leaders, trains joint task force commanders and staffs, and recommends joint solutions to the Army, Navy, Air Force and Marines to better integrate their warfighting capabilities....

As the joint force integrator, USJFCOM helps develop, evaluate, and prioritize the solutions to the interoperability problems plaguing the joint warfighter. At USJFCOM, joint interoperability and integration initiatives continue to deliver materiel and non-materiel solutions to interoperability challenges by working closely with combatant commanders, services and government agencies to identify and resolve joint warfighting deficiencies.

This work is one of the most important near-term factors required to transform the legacy forces and establish a "coherently integrated joint force."²¹

New Weapon Acquisition Regulations. As an additional measure to help implement transformation, the Administration has revised the regulations governing the acquisition of new weapons and systems with the aim of reducing costs and "acquisition cycle time" — the time needed to turn useful new technologies into fielded weapon systems. A key element of DOD's effort in this regard is evolutionary acquisition with spiral development (EA/SD), which DOD has identified is its new preferred acquisition strategy. EA/SD is an outgrowth of the defense acquisition reform movement of the 1990s and is intended to make its acquisition system more responsive to rapid changes in threats, technology, and warfighter needs. For more on EA/SD, see CRS Report RS21195.²²

²⁰ (...continued)

InsideDefense.com, Oct. 4, 2006.

²¹ [<http://www.jfcom.mil/about/about1.htm>].

²² CRS Report RS21195, *Evolutionary Acquisition and Spiral Development in DOD Programs: Policy Issues for Congress*, by Gary J. Pagliano and Ronald O'Rourke.

How Much Would Transformation Cost?

Calculating the potential cost of defense transformation is not an easy matter, for the following reasons:

- Opinions differ, often significantly, on what kinds of planned changes for DOD qualify as transformational, and which do not.
- Developing and acquiring new weapons and equipment that are deemed transformational can be very expensive, but the cost of this can be offset, perhaps substantially or even completely, by reducing or cancelling the development and procurement of non-transformational weapons and equipment that would no longer be needed.
- Implementing transformational changes in organization can also cost money, but these costs might similarly be offset by the reduced recurring cost of maintaining the new forms of organization.
- While exercises intended to explore new warfighting concepts of operation can be expensive, the cost of staging these exercises can be offset by curtailing other exercises that are intended to further develop older concepts of operations.
- If transformation is viewed as a continuing process rather than one with an endpoint, any calculations of its cost become snapshots rather than final figures.

In an article published in the summer of 2006, an official from DOD's Office of Force Transformation (OFT) stated:

A frequent question is how much DOD spends on transformation. That is hard to say, because transformation is far more than a list of programs. The concepts, capabilities, and organizations developed through innovative ideas, experimentation, major training exercises, and assessment of lessons learned on the battlefields of Afghanistan and Iraq cannot be categorized under a transformation line item in the defense budget.²³

Although some analysts who advocate defense transformation might personally support increased spending on defense, most appear to advocate transformation as a cost-neutral or cost-reducing proposition. Indeed, some advocates support their proposals for transformation on the grounds that they represent a less-expensive strategy for meeting future security challenges than the alternative of investing in programs for making more incremental or evolutionary changes to current military capabilities. Some analysts have gone even further, arguing that an increasing defense budget might actually impede transformation by permitting officials to believe that projected security challenges can be solved by investing larger amounts

²³ Walter P. Fairbanks, "Implementing the Transformation Vision," *Joint Force Quarterly*, Issue 42, 3rd Quarter, 2006: 36-42.

of funding in today's military forces, while a constrained or declining defense budget, conversely, might help encourage transformation by forcing officials to contemplate more seriously the idea of shifting to new and less expensive approaches for meeting these challenges.

The Administration has stressed that its interest in incorporating current best private-sector business practices in DOD operations, and in running DOD more "like a business," is driven in large part by a desire to run DOD more efficiently and thereby generate maximum savings that can be used for, among other things, investing in transformation.

The acting director of OFT, in an interview published in the summer of 2006, stated:

Transformation should not be equated with plussing up the defense budget. Transformation should be associated with how we make choices, using a new logic, so it's not necessarily about spending more money. It's really about making better choices.²⁴

What Weapons And Systems Are Transformational?

Although transformation involves (and might even depend more significantly on) changes in organization and concepts of operations, much of the debate over transformation has centered on which military weapons and systems should be deemed transformational, and which not. Experts disagree on this question, even when working from a common definition of transformation. As a result, lists of weapons and systems that qualify as transformational differ from one source to the next.

Supporters of various weapon procurement programs, keenly aware of the Administration's interest in transformation, have been eager to argue that their own favored weapon systems should be viewed transformational, or at least not as "legacy" — a label that for many has become synonymous with obsolescence and suitability for reduction or termination.²⁵ As a result, a wide variety of military weapons and systems have been presented at one point or another as transformational, while fewer have been spotlighted as non-transformational or legacy.

Weapons and systems that have frequently been identified as closely associated with the Administration's transformation vision include but are not necessarily limited to the following:

²⁴ "An Interview With Acting Director, DOD Office of Force Transformation, Terry J. Pudas," *Joint Force Quarterly*, Issue 42, 3rd Quarter, 2006: 32-35.

²⁵ The term "legacy" was originally a policy-neutral term used to refer to existing or current-generation weapons that, while not transformational, could well be worth procuring or maintaining in inventory, at least for some number of years. Over time, however, the term "legacy" has come to be used in a more pejorative manner, to refer to systems that are not only not transformational, but obsolescent and ripe for immediate termination or elimination.

- C4ISR systems that link military units into highly integrated networks for conducting NCW,
- forces for countering terrorists and weapons of mass destruction,
- space systems,
- missile defense,
- unmanned vehicles,
- special operations forces,
- precision-guided air-delivered weapons,
- lighter and more mobile Army ground forces, and
- smaller and faster Navy surface ships.

Weapons and systems that have been identified by various observers, not necessarily by DOD, as non-transformational or legacy include the following:

- weapons and associated C4ISR systems that operate in an isolated, stand-alone manner rather than as part of a network,
- unguided weapons,
- heavy armored forces for the Army,
- manned tactical aircraft, and
- large, slower-moving Navy surface ships.

How Might It Affect the Defense Industrial Base?

A related matter of interest to Congress is how the Administration's transformation plans, if implemented, might affect the composition of U.S. defense spending and, as a consequence, revenues and employment levels of various firms in the defense industrial base. In assessing this issue, potential points to consider include the following:

- **Transformational vs. non-transformational/legacy programs.** To some degree, implementing the Administration's transformation vision could lead to increased DOD spending on the items listed above as transformational, and more restrained amounts of spending on the items listed above as non-transformational or legacy.
- **Large-scale systems integration work.** Implementing the Administration's transformation plan could lead to increased DOD spending for the large-scale systems integration work that is required to tie individual military weapons and systems together into smoothly functioning "systems of systems." Some defense firms, particularly some of the larger ones, have taken steps to strengthen and publicize their capacity for performing this kind of work.
- **Large, diversified contractors vs. specific units within them and smaller firms.** For larger defense firms that perform a wide range of work for DOD,²⁶ implementing the Administration's

²⁶ Examples of such firms would include Boeing, General Dynamics, Lockheed Martin, (continued...)

transformation plan might transfer revenues from one part of the company to another without necessarily having a major effect on the company's bottom line. The potential effect on individual units within those firms, however, may be greater, if those facilities specialize in producing only certain kinds of defense goods or services. These units — as well as smaller defense firms that perform a less-diverse array of work for DOD — may be more likely to experience either an increase or decrease in revenues and employment levels as a result of transformation.²⁷

- **Traditional vs. non-traditional DOD contractors.** Some new technologies that may contribute to transformation, particularly certain information technologies, are found more in the civilian economy than in the world of defense-related research. As a result, implementing the Administration's transformation plan could shift some DOD spending away from traditional DOD contractors and toward firms that previously have done little or no business with DOD. Indeed, DOD is attempting to encourage firms that have not previously done business with DOD — so-called “non-traditional” contractors — to begin doing business with DOD, so that DOD may make maximum use of applicable technologies from the civilian sector.

How Might It Affect Operations With Allied Forces?

What implications might defense transformation have for the ability of U.S. military forces to participate in combined operations with the military forces of allied and friendly countries? DOD states that it is working toward a transformed force capable of conducting effective combined operations:

As the U.S. military transforms, our interests are served by making arrangements for international military cooperation to ensure that rapidly transforming U.S. capabilities can be applied effectively with allied and coalition capabilities. U.S. transformation objectives should be used to shape and complement foreign military developments and priorities of likely partners, both in bilateral and multilateral contexts.²⁸

In spite of this stated intention, however, other observers, including some in allied and friendly countries, have expressed concern that U.S. defense transformation could widen the current gap between U.S. and foreign military

²⁶ (...continued)

Northrop Grumman, and Raytheon — the 5 leading U.S. defense contractors that emerged from the consolidation of the defense sector that began in the early 1990s.

²⁷ For more on the potential effects of transformation on the industrial base, see Peter J. Dombrowski, Eugene Gholz, Andrew L. Ross, *Military Transformation and the Defense Industry after Next* [:] *The Defense Industrial Implications of Network-Centric Warfare, Final Report*, Newport Paper #18, (Newport: Naval War College, 2003).

²⁸ *Military Transformation*[:] *A Strategic Approach*, op cit., p. 10.

concepts and capabilities, which is already quite significant in some respects, and thereby make U.S. forces less compatible with allied and friendly forces. Reduced compatibility, they believe, could lead to reduced coalition warfighting effectiveness when the United States engages in combined operations with allied and friendly forces, increased risk of fratricide (i.e., friendly-fire) incidents involving U.S. and coalition forces, and increased risk of political friction between the United States and its coalition partners.

Whether transformation strengthens or weakens the ability of U.S. forces to participate in combined operations with foreign military forces will depend in part on decisions made by foreign governments. If these governments, for example, invest in networking technologies for NCW that are compatible with those used by U.S. forces, it could increase interoperability with U.S. military forces to a level that was not possible in pre-NCW times. Conversely, if those governments do not significantly invest in networking-related technologies for NCW, or invest in technologies that are not compatible with those of U.S. forces, it could reduce interoperability between U.S. forces and the forces of those countries below what it is today. Under this latter scenario, operations involving U.S. and foreign military forces might be combined operations in name only, with the foreign forces assigned to marginal or other functions that can be performed acceptably without being fully incorporated into the U.S. network or without creating complications.

Future interoperability with foreign military forces will also depend in part on decisions made together by U.S. and foreign leaders. Decisions that align emerging U.S. concepts of operations with those of foreign military forces, and to hold combined exercises employing these new concepts of operations, could improve the potential for conducting effective combined operations. Conversely, lack of coordination in emerging concepts of operations, or of exercises to practice them together, could impede interoperability and reduce the potential for effective combined operations.

The acting director of DOD's Office of Force Transformation (OFT), in an interview published in the summer of 2006, stated the following when asked about the transformation efforts of other countries:

I would point to three or four countries that have really accelerated their efforts in thinking about transformation, in pursuing this information-age construct of network-centric operations. We can look to the United Kingdom and to Australia, who are very engaged in things like network-enabled capabilities, and that is to be expected because we operate with each other all the time and we're very close. We can also look to countries like Sweden, which has taken this whole network-centric business to a really high level. Singapore is doing an enormous amount of work. They have something that's akin to a transformation office as well. And of course we've got the Allied Command Transformation, which is stood up, and this NATO Reaction Force.²⁹

²⁹ "An Interview With Acting Director, DOD Office of Force Transformation, Terry J. Pudas," *Joint Force Quarterly*, Issue 42, 3rd Quarter, 2006: 32-35.

What Transformational Changes Has Congress Initiated?

Congress in past years has instituted changes that can be viewed as examples of, or contributors to, defense transformation, including changes that were opposed (or at least not proposed or actively supported) by DOD leaders. Examples of such actions include the following:

- Congress played a leading role in promoting jointness within DOD by creating the landmark 1986 Goldwater-Nichols Act (P.L. 99-433), which, among other things, strengthened the institutional roles played by the Joint Chiefs of Staff and the commanders in charge of joint forces assigned to various regions around the world. Although the term defense transformation was not in common use in 1986, the Goldwater-Nichols Act today can be viewed, in retrospect, as a significant early example of defense transformation.³⁰
- Congress in 1986 also expressed concern for the status of SOF within overall U.S. defense planning and passed legislation — Section 1311 of the FY1987 defense authorization act (P.L. 99-661) — to strengthen its position. Among other things, Section 1311 established the U.S. Special Operations Command (USSOCOM) as a new unified command. To the extent that enhancement of special operations forces is now considered a key element of defense transformation, this action also can be viewed, in retrospect, as an early example of transformation.
- In 2000, Congress passed legislation — Section 220 of the FY2001 defense authorization act (P.L. 106-398) — that established a transformation-related goal for unmanned vehicles. The provision stated that “It shall be a goal of the Armed Forces to achieve the fielding of unmanned, remotely controlled technology such that — (1) by 2010, one-third of the aircraft in the operational deep strike force aircraft fleet are unmanned; and (2) by 2015, one-third of the operational ground combat vehicles are unmanned.”

³⁰ For background information on the Goldwater-Nichols Act, see CRS Report RL30609, *Department of Defense Reorganization Act of 1986: Proposals for Reforming the Joint Officer Personnel Management Program*, by Katherine Lemay Brown.

Oversight Issues for Congress

This section addresses the following potential oversight issues for Congress:

- Is defense transformation necessary or desirable?
- If so, is the Administration's plan for defense transformation appropriate in terms of content and implementation strategy?
- What implications might the Administration's plan for defense transformation have for congressional oversight of DOD activities?
- How might defense transformation be affected by the resignation of Secretary of Defense Rumsfeld and his replacement (if confirmed by the Senate) by Robert Gates?

Is Defense Transformation Necessary or Desirable?

One potential oversight issue for Congress is whether transformation is necessary or desirable. Supporters of the notion that transformation is necessary or desirable make five general arguments:

- New technologies make possible the creation of new, transformational military capabilities.
- Transformation is required to meet emerging asymmetric security challenges.
- Transformation is also required to preserve U.S. superiority in conventional warfare over the long run.
- The current lack of a global or regional military peer competitor creates an opportunity — a window in time — to invest in transformation at acceptable risk.
- Transformation will be less expensive in the long run than attempting to meet emerging asymmetric threats or preserve U.S. conventional superiority through more routine modernization of current capabilities.³¹

New Technologies. Supporters of transformation argue that advanced information technologies, as well as new technologies for distributed sensors, unmanned vehicles, and precision-guided munitions, make possible the creation of new, transformational military capabilities in the form of agile, distributed forces armed with precision-guided weapons that can operate in a network-centric

³¹ For lengthier versions of the arguments for transformation as articulated by DOD, see pages 12-16 of *Military Transformation[:] A Strategic Approach*, op cit, or pages 4-6 of *Transformation Planning Guidance*, op. cit.

environment so as to conduct effects-based operations. Incorporating these new technologies into today's forces without undergoing transformational changes in organization and concepts of operation, they argue, would waste much of the potential warfighting benefit afforded by these technologies.

Skeptics could argue that although new technologies make transformation possible, that doesn't necessarily mean that transformation is necessary or desirable right now. These technologies, they could argue, can be incorporated into U.S. forces through routine modernization of existing capabilities, without making transformational changes in organization and concept of operation. The notion that transformational change is needed to adequately capture the benefits of these new technologies, they could argue, is theoretical and unproven. Changes in organization and concepts of operation, they could argue, can always be made later, if practical experience shows that incorporating these technologies through routine modernization does not adequately exploit their warfighting potential.

Asymmetric Challenges. Supporters of transformation argue that transformation is needed to counter emerging asymmetric military challenges, in which adversaries avoid competing head-on against conventional U.S. military strengths. Emerging asymmetric challenges that transformation supporters cite include (but are not necessarily limited to) terrorism; nuclear, chemical, and biological weapons; long-range ballistic and cruise missiles; cyberwarfare; attacks on U.S. military satellites; and anti-access/area-denial (AA/AD) systems aimed at preventing U.S. forces from gaining access to ports, airfields, bases, staging areas, and littoral (near-shore) waters that U.S. forces now depend on to mount military operations in distant theaters.³² Routine modernization of current U.S. military forces, they argue, will not provide forces well suited to countering these emerging asymmetric challenges.

Skeptics could argue that asymmetric military challenges may require certain enhancements to current U.S. military capabilities, but that these enhancements can be made by adding or expanding selected military capabilities, or through routine modernization of current capabilities. For example, they could argue, intelligence capabilities and special operations forces can be strengthened to counter terrorism, and ballistic missile defenses can be fielded, without requiring significant changes to other parts of the military. Asymmetric challenges, they could argue, are nothing new — the United States has long had to contend with thinking adversaries that could adapt and change — and DOD has successfully dealt with such challenges in the past without undertaking transformational changes.

Preserving Conventional Superiority. Supporters of transformation argue that transformation is also needed ensure that the current U.S. superiority in conventional warfare does not erode over time. Many of the key technologies that are involved in U.S. defense transformation, including information technologies, they argue, are widely available and will be similarly exploited by the military forces of potential U.S. adversaries. Consequently, they argue, routine modernization of

³² Examples of AA/AD systems include shorter-ranged ballistic and cruise missiles, mines, and non-nuclear-powered submarines.

current U.S. military forces that does not take full advantage of these new technologies will not be sufficient to preserve current U.S. superiority in conventional warfare.

Skeptics could argue that transformation is not necessarily required to preserve U.S. conventional superiority over the long run. They could argue that, as demonstrated by recent major combat operations in Kosovo, Afghanistan, and Iraq, the current degree of U.S. superiority in conventional warfare is so large, and the potential cost for other countries to challenge that superiority (even with use of new technologies and concepts of operations) is so high, that challenges to U.S. conventional superiority are unlikely, and that any challenges that do occur would require many years to implement. Consequently, they could argue, routine modernization efforts will be sufficient to preserve U.S. conventional superiority for many years.

Opportunity And Risk. Transformation supporters argue that the current lack of a worldwide or major regional military peer competitor to the United States creates an opportunity — a window in time — that permits the United States, at acceptable risk, to shift some funds away from nearer-term routine modernization programs and toward longer-term efforts aimed at creating new, transformational military capabilities. Putting off transformation until the emergence of a military peer competitor, they argue, would not only make it more difficult for the United States to respond to that competitor, but could also make the emergence of such competitors more likely by encouraging potential competitors to believe that the United States was neglecting to maintain its superiority in conventional warfare.

Other transformation supporters argue that current U.S. operations in Iraq, Afghanistan, the Balkans, and other locations is accelerating transformation by prompting rapid, battle-induced changes in U.S. technology, organization, and concepts of operations. They also argue that U.S. operations in these locations promote transformation because the return of individual U.S. units from these locations at the ends of their periods of deployment provides a natural opportunity to “reset” those units to a new, transformed organization.³³

Skeptics could argue that current operational demands on U.S. forces in Iraq, Afghanistan, the Balkans, and other locations, far from creating a window of opportunity for transformation, increase the risks of attempting transformation right now. Shifting funds away from near-term readiness and modernization and toward longer-term efforts aimed at transformation, and making changes in organization and concepts of operations, they could argue, could reduce readiness and disrupt institutional relationships in the military at a time when U.S. forces are maintaining a high tempo of operations and face lethal threats from insurgent forces. Attempting transformation now, they could argue, would be like trying to change horses in the middle of a river crossing. The risks of attempting transformation under current circumstances, they could argue, would be compounded by the uncertain

³³ See, for example, Jefferson Morris, “Iraq Operations Accelerating Transformation, Cebrowski Says,” *Aerospace Daily & Defense Report*, August 4, 2004; and Sandra Jontz, “Schoomaker: War Aids Transformation,” *European Stars and Stripes*, July 28, 2004.

effectiveness of the new and somewhat experimental capabilities being contemplated under transformation.

Comparative Costs. Transformation supporters argue that even if routine modernization of current capabilities can meet emerging asymmetric security challenges and preserve U.S. conventional superiority, transformation can achieve these goals at less expense over the long run, because it will more fully exploit the warfighting benefits of new technologies than routine modernization can, as well as facilitate the review and elimination of expensive but unneeded legacy forces.

Skeptics could argue that the costs of transformation, both in the near term and long term, are uncertain, and that transformation therefore might not necessarily be less expensive than routine modernization. They could also argue that transformation could turn out to be very expensive if the nature of the transformation undertaken turns out to be incorrect and another set of changes is needed to correct the mistake.³⁴

If So, Is The Administration's Plan Appropriate?

If transformation is judged to be necessary or desirable, a potential follow-on oversight question for Congress is whether the Administration's plan for defense transformation is appropriate in terms of the proposed direction of change and the proposed strategy for implementing changes. Each of these issues is discussed below.

Proposed Direction Of Change. Current U.S. military forces could be transformed in a number of ways. Is the Administration's plan for transformation appropriate in terms of how it would change the force? Discussion on this question has developed on a number of elements in the Administration's plan, including those presented below.

Network-Centric Warfare. Some observers argue that, as a concept, network-centric warfare "manifests important and pervasive flaws," that "there are serious questions regarding the status of the NCW thesis as a secure and reliable basis for making [military] capability development decisions," that "the conclusions the NCW thesis affords are deficient, for they are drawn from defective premises," and that there has been a "low level of skepticism towards [NCW's] claims displayed many in the defense community..."³⁵

³⁴ For an example of a more recent essay presenting arguments on why defense transformation might not have been a necessary response to 9/11, and why it may not have been desirable in terms of its effects on U.S. military ability to contend with certain challenges, see Frederick W. Kagan, "New Thinking, Old Realities," American Enterprise Institute, October 2006, 4 pp., available online at [http://www.aei.org/publications/filter.all,pubID.25010/pub_detail.asp].

³⁵ Darryn J. Reid, Graham Goodman, Wayne Johnson, and Ralph E. Giffin, "All that Glisters [sic]: Is Network-Centric Warfare Really Scientific?" *Defense & Security Analysis*, December 2005: 335-367.

Other observers, while accepting the validity of NCW, argue that the Administration's transformation plan places too much emphasis on the concept. The Administration's plan, they argue, overestimates the potential benefits of NCW and underestimates its potential risks. The ability of NCW to overcome uncertainty and confusion on the battlefield — the fog of war — may not be as great as advocates of the Administration's plan make it out to be, they argue, particularly when operating in certain environments, such as urban areas. The Administration's planned emphasis on NCW, they also argue, could make U.S. forces excessively vulnerable to electronic jamming and cyberwar attacks aimed at disrupting the computers and data links that form the network. Such attacks, if successful, could degrade or even bring down the network, they argue, isolating individual U.S. military units and leaving them potentially vulnerable to destruction.³⁶

Supporters of the Administration's plan argue that the concept of NCW has undergone significant and disciplined intellectual development over the past several years, and that recent military operations have demonstrated the value of networked operations. They also argue that DOD is aware that the benefits of NCW can vary depending on the type of operation in question and the environment in which it is being conducted. They also argue that the threat of jamming and cyberwar attacks is fully recognized and is being taken into account in designing and acquiring the C4ISR equipment associated with NCW.³⁷

Total Size Of Force. Some observers believe that the Administration's transformation plan calls for a force that is too small to meet the various demands being placed on it, and that the size of the force, and particularly the Army, needs to be increased to reduce the strain being placed on individual soldiers.³⁸ The Administration argues that the planned size of the force is adequate, particularly since DOD, as part of its transformation effort, is undertaking numerous actions that will make more efficient use of unformed personnel.

³⁶ See, for example, Benjamin S. Lambeth, "The Downside Of Network-Centric Warfare," *Aviation Week & Space Technology*, January 2, 2006: 86; David Hughes, "New Orthodoxy Under Fire," *Aviation Week & Space Technology*, Sept. 29, 2003, p. 57; Nick Jonson, "Exec: DOD Should Re-Examine Net-Centric Assumptions," *Aerospace Daily*, Nov. 21, 2003; David A. Fulghum and Douglas Barrie, "Cracks In The Net," *Aviation Week & Space Technology*, June 30, 2003, p. 52; David A. Fulghum, "Embracing The Foe," *Aviation Week & Space Technology*, June 30, 2003, p. 54; Loren B. Thompson, "The Hidden Dangers Of Networked Warfare," Lexington Institute, Issue Brief, June 17, 2003; Michael Schrage, *Perfect Information and Perverse Incentives: Costs and Consequences of Transformation and Transparency*, MIT Center for International Studies, Security Studies Program, SSP Working Paper, May 2003; Milan Vego, "Net-Centric Is Not Decisive," *U.S. Naval Institute Proceedings*, Jan. 2003, pp. 52-57; Loren B. Thompson, "The Limits Of Transformation," *Defense Week*, Apr. 22, 2002, p. 1; Thomas P. M. Barnett, "The Seven Deadly Sins of Network-Centric Warfare," *U.S. Naval Institute Proceedings*, Jan. 1999, pp. 36-39.

³⁷ For more on the debate on NCW, see CRS Report RL32411, *Network Centric Warfare: Background and Oversight Issues for Congress*, by Clay Wilson.

³⁸ See, for example, Frederick W. Kagan, "A Strategy For Heroes," *Weekly Standard*, Feb. 20, 2006: 20.

Several Members of Congress and other observers have expressed support for increasing the size of the Army by 20,000 or more soldiers, and for increasing the size of the Marine Corps by about 4,000. The proposed FY2007 defense budget and FY2007-FY2011 Future Years Defense Plan (FYDP) submitted to Congress in February 2006 calls for a total of 70 Army combat brigades (42 active and 28 in the National Guard) rather than the 77 (43 active and 34 in the National Guard) that DOD officials spoke of in 2005, for reducing active-duty Army forces from over the next five years from more than 500,000 to 482,000, and for maintaining the National Guard at 333,000 rather than increasing it to a congressionally approved level of 350,000. For further discussion of this issue, see CRS Report RS21754, *Military Forces: What is the Appropriate Size for the United States?*, by Edward F. Bruner.³⁹

Air Power vs. Ground Forces. In a related debate, some observers argue that the Administration's transformation plan places too much emphasis on air power and not enough emphasis on ground forces. They argue that not all future wars will be amenable to campaigns built primarily around air power, and that the Administration's planned emphasis on air power could make U.S. operations vulnerable to failure should adversaries find a way to counter the targeting systems on which air-delivered weapons rely.⁴⁰ They also argue that skilled infantrymen are important for countering certain asymmetric challenges, such as insurgencies, and that reductions in infantry forces consequently should not be used to finance the procurement of aircraft and air-delivered weapons.

Supporters of the Administration's transformation plans argue that it fully recognizes the value of ground forces for certain operations, that the Army's plan to reorganize itself into a force built around brigade-sized units will increase the number of deployable units for meeting worldwide demands, and that transformation aims at exploiting NCW and precision weapons to achieve efficiencies where possible in the numbers of deployed ground troops needed to conduct certain operations. Supporters of the Administration's plan argue that it aims at producing military forces with a wide array of capabilities, of which attacking targets with air-delivered precision-guided weapons is only one, precisely so that the United States will be able to fight various kinds of conflicts in the future. Supporters also argue that operations in Afghanistan and Iraq show the ability of ground forces to rely on air power when the two are effectively integrated.

Army Transformation. Somewhat independent of the debate over the balance of air power and ground forces, some observers have objected to the Administration's plan to reorganize the Army into modular, brigade-sized Units of Action (UA). These observers raised numerous questions about the Future Combat

³⁹ CRS Report RS21754, *Military Forces: What is the Appropriate Size for the United States?*, by Edward F. Bruner.

⁴⁰ See, for example, "A Strategy For Heroes," op cit, Tom Donnelly and Vance Serchuk, "Preparing To Fight The Next War," *Weekly Standard*, Dec. 1, 2003; Frederick W. Kagan, "The Art of War," *New Criterion*, Nov. 2003 and Mackubin Thomas Owens, "Transforming Transformation," *NationalReviewOnline*, Apr. 23, 2003, [<http://www.nationalreview.com/owens/owens042303.asp>]; Thomas Owens Mackubin, "Reshaping Tilted Against The Army?," *Washington Times*, Nov. 24, 2002, p. B3.

System (FCS) that forms a key part of the Army's transformation plan, and argue that the Army's plan would de-emphasize heavily-armored UAs built around M1 tanks and M2 Bradley Fighting Vehicles in favor of newly created, more mobile "medium-weight" UAs built around the Stryker wheeled combat vehicle. They have argued that medium-weight units will be less lethal and less survivable than heavy formations, and that the greater mobility of these forces will simply permit them to be more easily deployed into situations where they will be defeated by enemy forces.

Supporters of the Administration's transformation plans argue that heavily armored units, though survivable and lethal, are not very mobile, and therefore are of little or no value in situations requiring the rapid deployment of meaningful ground combat capability. The planned medium-weight units, they argue, will exploit superior battlespace awareness to help achieve sufficient survivability, and will employ new weapon technologies to achieve sufficient lethality.⁴¹

Other observers, while supporting the idea of reorganizing the Army into brigade-sized units, have questioned the Army's approach for doing this. In January 2006, it was reported that a series of reports by the Institute for Defense Analyses (IDA) concluded that the Army's plan for including two (rather than three or four) battalions in each new brigade could reduce rather than increase the Army's net fighting capability. The Army, according to the press report, strongly contested IDA's findings.⁴²

Tactical Aircraft vs. UAVs/UCAVs And Long-Range Bombers. Some observers argue that the Administration's transformation plan places too much emphasis on shorter-ranged tactical aircraft — the Air Force F-22 Raptor, the Navy F/A-18E/F Super Hornet, and the multiservice F-35 Joint Strike Fighter (JSF) — and not enough emphasis on unmanned air vehicles (UAVs), unmanned combat air vehicles (or UCAVs, which are UAVs armed with weapons), and long-range bombers. They argue that the Administration's plan — which proposes acquiring thousands of new tactical aircraft while envisaging relatively small numbers of UAVs and UCAVs and maintaining a relatively small bomber force — is inappropriate given uncertain future access to in-theater land bases needed for tactical aircraft (as demonstrated in Afghanistan), the capabilities of UAVs and UCAVs (as demonstrated in Afghanistan and Iraq), the age of the bomber force, the ability of bombers to operate without access to in-theater bases, and the ability of bombers to deliver large numbers of precision-guided weapons in a single sortie.

The Administration has generally argued that its proposed numbers of new tactical aircraft are needed to preserve conventional U.S. military superiority (even when supplemented by UAVs and UCAVs), and that UAVs and UCAVs will eventually be procured in significant numbers. The proposed FY2007 defense budget

⁴¹ The deployment to Iraq of units equipped with the Stryker vehicle may provide a test case for arguments concerning the merits of medium-weight forces. Strykers deployed to Iraq were fitted with add-on armor to defeat rocket-propelled grenades being used by insurgent forces.

⁴² Elaine M. Grossman, "Study Finds Army Transformation Plan Weakens Combat Capability," *Inside the Pentagon*, Jan. 26, 2006.

and FY2007-FY2011 Future Years Defense Plan (FYDP) submitted to Congress in February 2006 calls for substantial increases in procurement funding for UAVs and UCAVs and for accelerating by two decades the start of an acquisition program for a new long-range bomber-type aircraft.⁴³

Special Operations Forces. The proposed FY2007 defense budget and FY2007-FY2011 Future Years Defense Plan (FYDP) to be submitted to Congress in February 2006 calls for increasing U.S. special operations forces by 15%. Some observers, while acknowledging the effectiveness of special operations forces in Afghanistan and Iraq, and in counter-terrorism operations elsewhere, are concerned that the Administration's plan places too much emphasis on special operations forces as a perceived potential solution to a wide array of security problems. This, they argue, could lead to the use of special operations forces for addressing security problems that might be better addressed through other measures; to the overuse of special operations forces, which could fatigue them and prevent them from conducting adequate training; or to under-investment in alternative approaches for addressing certain security problems. The current high operational tempo of special operations forces, they argue, can be viewed as evidence that they are now being overused.

Supporters of the Administration's plan, while acknowledging that special operations forces are currently heavily committed around the world, argue that the Administration's planned expansion of special operations forces will eventually permit a reduction in operational tempo for individual units. They also argue that, prior to Afghanistan and Iraq, the capabilities of special operations forces, and their cost-effectiveness in terms of achieving disproportionately large effects on the conventional battlefield and in counterterrorism operations, was underappreciated. Current concerns about an excessive reliance on special operations forces, they argue, are simply reflections of this older and now outdated view.⁴⁴

Forces for Stability Operations. Some observers, particularly since the onset of the U.S.-led stability operation in Iraq, have argued that the Administration's transformation plan pays too little attention to the demands that stability operations place on the military. Some of these observers have argued in favor of altering the Administration's plan to include the creation of units that are organized and trained specifically for conducting such operations. Other observers, while not advocating the creation of dedicated forces for stability operations, have argued in favor of giving U.S. combat forces more training in such operations, so that they can more easily shift into such operations when required.⁴⁵

⁴³ For general discussion on the tradeoff between tactical aircraft, UAVs/UCAVs, and long-range bombers, see CRS Report RL31872, *Unmanned Aerial Vehicles: Background and Issues for Congress*; and CRS Report RL31544, *Long-Range Bombers: Background and Issues for Congress*, both by Christopher Bolkcom.

⁴⁴ For more on special operations forces, see CRS Report RS21048, *U.S. Special Operations Forces (SOF): Background and Issues for Congress*, by Andrew Feickert.

⁴⁵ For more discussion on forces for stability operations, see CRS Report RL33557, *Peacekeeping and Related Stability Operations: Issues of U.S. Military Involvement*; and (continued...)

Reserve Forces. DOD officials have mentioned the idea of transferring to active-duty forces parts of certain functions that are now carried out by reserve forces. Supporters of this idea argue that this will permit DOD to deploy forces overseas for contingency operations with less disruption to the daily life of communities around the country where reservists live and work. Opponents argue that the current division of functions between the active and reserve forces, which dates to the years immediately following the Vietnam war, was designed precisely so that large-scale commitments of U.S. forces overseas would require the activation of significant numbers of reserve personnel. Shifting to the active forces functions now carried out by reserve units, these opponents argue, would undermine this arrangement, which is intended to encourage people in affected communities to contact their representatives in Congress and thereby help ensure that elected officials in Washington consider such commitments carefully before approving them.⁴⁶

As mentioned earlier, the proposed FY2007 defense budget and FY2007-FY2011 Future Years Defense Plan (FYDP) calls for reducing the number of National Guard combat brigades from 34 to 28, offsetting this reduction by increasing the number of Guard support brigades, and maintaining the National Guard at 333,000 rather than increasing it to a congressionally approved level of 350,000. Numerous Members of Congress have expressed opposition to this proposal.

Missile Defense. Some observers criticize the Administration's transformation plan for placing too much emphasis on missile defense programs at the expense of other defense-spending priorities. They argue that the Administration has overstated the urgency of the ballistic missile threat at the expense of other potential threats, such as cruise missiles, that the Administration is rushing to deploy missile defenses without first adequately testing them, and that the Administration is wasting limited resources by unnecessarily rushing to deploy systems with limited capabilities that will soon be replaced by more capable versions.

Supporters of the Administration's plan argue that the Administration has correctly assessed the urgency of the ballistic missile threat, that adequate attention is being paid to other potential threats such as cruise missiles, that testing of missile defense systems will continue while early versions are fielded, and that the early versions fielded will have some capability to stop enemy ballistic missiles and will consequently help deter other countries from launching ballistic missile attacks by complicating their calculations regarding the potential for such attacks to succeed.⁴⁷

⁴⁵ (...continued)

CRS Report RL32321, *Policing in Peacekeeping and Related Stability Operations: Problems and Proposed Solutions*, both by Nina M. Serafino.

⁴⁶ See, for example, Janine Davidson, "A Citizen Check On War," *Washington Post*, Nov. 16, 2003, p. B7.

⁴⁷ For more on missile defense, see CRS Report RL31111, *Missile Defense: The Current Debate*, coordinated by Steven A. Hildreth.

Effects-Based Operations. Some observers, while acknowledging the potential value of effects-based operations, argue that the concept is currently not that well defined, and that until it is better defined and its potential value consequently better understood, it should not be featured as a key element in the Administration's transformation plan. Retired Lieutenant General Paul Van Riper, in an exchange of e-mails with active-duty generals in December 2005, strongly criticized the role of effects-based operations in current military planning and military education.⁴⁸

Other observers argue that the Administration's emphasis on effects-based operations overlooks the potential advantages of attrition-style warfare. Attrition warfare, they argue, leads to the assured destruction of enemy military forces in the field, while effects-based operations, by bypassing certain enemy forces, can permit those forces to blend back into the population at large and prepare for a post-war insurgency campaign that U.S. forces might find more difficult and costly to counter. They further argue that effects-based operations may bring about the collapse of an enemy regime so quickly, and with so little effect on the country's population at large, that the population may not feel that it has been subdued or defeated, possibly making them defiant and more willing to support such an insurgency.⁴⁹

Supporters of the Administration's plan argue that the concept of effects-based operations is well on its way to being defined, that it is undergoing further intensive development at U.S. Joint Forces Command and elsewhere, and that the value of effects-based operations has already been demonstrated in Kosovo, Afghanistan, and Iraq. They also argue that the potential consequences of attrition warfare (including those caused by large numbers of civilian deaths and large amounts of damage to non-military buildings and infrastructure) have become politically untenable, and that no attrition-style campaign could be so complete as to prevent the subsequent emergence of an insurgency conducted by a relatively small number of opponents who survived the period of major combat. Supporters of the Administration's plan can argue that even if effects-based operations might make post-conflict stability operations more challenging, this is not an argument against using effects-based operations to fight conflicts, but rather an argument for having better capabilities for conducting post-conflict stability operations.

⁴⁸ "Van Riper's E-Mail To Pace, Hagee, and Schoomaker Regarding JCIDS," *Inside the Navy*, Jan. 23, 2006 (emphases as in the original). See also Christopher J. Castelli, "Van Riper, Mattis Criticize Joint Staff's Force-Development Process," *Inside the Navy*, Jan. 23, 2006; "Mattis' E-Mail To Hagee Supporting Van Riper's Criticism Of JCIDS," *Inside the Navy*, Jan. 23, 2006; "Deptula's Reply To Van Riper's Concerns," *Inside the Navy*, Jan. 23, 2006; Christopher J. Castelli, "Van Riper, Deptula Disagree Over Effects-Based Ops, Enemy 'Control,'" *Inside the Navy*, Feb. 6, 2006; and "Van Riper's Reply To Deptula, Dec. 29, 2005," *Inside the Navy*, Feb. 6, 2006.

⁴⁹ See, for example, "Collateral Damage," *Aviation Week & Space Technology*, Jan. 26, 2004, p. 21; "The Message," *Defense Daily*, Jan. 26, 2004; and James Kitfield, "About-Face," *National Journal*, Jan. 31, 2004.

Asymmetric Threats. Some observers are concerned that the Administration's transformation plan, by increasing current U.S. capabilities for conventional warfare, could paradoxically produce undesired results by encouraging potential adversaries to abandon conventional military competition — an area where the United States can compete effectively — and put more of their energies into developing asymmetric responses that will be more difficult for the United States to counter, such as terrorism, nuclear weapons, and cyberwar attacks against civilian computer systems important to the functioning of the U.S. and world economy.⁵⁰ Rather than working to discourage potential adversaries from competing against the United States in conventional capability, they argue, the United States should seek to maintain conventional forces that are superior to those of potential adversaries, but not so superior that they drive potential adversaries away from spending resources on conventional competition.

Other observers, conversely, are concerned that the Administration's transformation plan places too much emphasis on countering asymmetric threats such as terrorism, and not enough emphasis on preparing for future conventional military challenges from a potential major regional peer competitor, such as China.

Supporters of the Administration's plan could argue that potential adversaries are already pursuing asymmetric responses to U.S. military capabilities. Increasing the current U.S. superiority in conventional warfare, they could argue, will not change this, but it will permit U.S. forces to conduct successful conventional operations more quickly, with fewer lives lost, and at lower cost. Supporters also argue that the Administration's transformation plan pays adequate planning attention to the possibility of a conventional military challenge from a major regional peer competitor such as China.⁵¹

Afghanistan And Iraq War As Test Cases. Since the merits of the Administration's proposed direction of change under its transformation plan are the subject of debate, many observers have focused on U.S. military operations in Afghanistan and Iraq as potential test cases for validating or disproving various aspects of that plan.

Proposed Strategy For Implementing Transformation. Is the Administration's plan for transformation appropriate in terms of its proposed implementation strategy? Potential areas of discussion on this issue include those presented below.

Overall Leadership and Management of Transformation. A December 2004 report from the Government Accountability Office on DOD's transformation efforts states:

⁵⁰ For more on cyberwar attacks, see CRS Report RL32114, *Computer Attack and Cyber Terrorism: Vulnerabilities and Policy Issues for Congress*, by Clay Wilson.

⁵¹ For a discussion of the potential implications of China's military modernization for required U.S. military capabilities, see CRS Report RL33153, *China Naval Modernization: Implications for U.S. Navy Capabilities — Background and Issues for Congress*, by Ronald O'Rourke.

DOD has taken positive steps to design and implement a complex strategy to transform U.S. military capabilities, but it has not established clear leadership and accountability or fully adopted results-oriented management tools to help guide and successfully implement this approach. The responsibility for transforming military capabilities is currently spread among various DOD organizations, with no one person or entity having the overarching and ongoing leadership responsibilities or the accountability for achieving transformation results. In addition, although DOD established an informal crosscutting group that meets occasionally to discuss transformation issues, this group has no charter, formal responsibilities, or authority to direct changes. GAO has previously reported that key practices for successful transformation include leadership that sets the direction of transformation and assigns accountability for results, and the use of crosscutting implementation teams, which can provide the day-to-day management needed for success. In recent testimony on DOD's business transformation, we underscored the importance of these elements and stated that DOD has not routinely assigned accountability for performance to specific organizations or individuals who have sufficient authority to accomplish goals. DOD officials believe that a single organization accountable for transformation results and a formal implementation team are not necessary because existing informal mechanisms involve key organizations that can individually implement needed changes, and an annual assessment of transformation roadmaps is prepared for the Secretary of Defense, who can direct the transformation efforts of each organization. However, in the absence of clear leadership, accountability, and a formal implementation mechanism, DOD may have difficulty resolving differences among competing priorities, directing resources to the highest priorities, and ensuring progress should changes in senior personnel occur. In addition, informal mechanisms are not sufficient to provide transparency to the process or assurance to Congress that DOD is allocating resources to address needed improvements rather than desired improvements.

While DOD's strategy to transform military capabilities is a good first step, DOD has not fully developed results-oriented management tools that can help managers effectively implement and manage major efforts, and focus on achieving results. Specifically, DOD has not revised its initial transformation goals, set in 2001, to reflect new joint concepts — thus, DOD lacks a foundation for developing other tools such as performance goals and measures and linking specific resources needed to achieve each goal. DOD faces challenges in developing these tools because the joint concepts are being developed concurrently with its plans to acquire new capabilities. But without these results-oriented tools, it will be difficult for DOD to determine the extent to which its transformation efforts are achieving desired results, to measure its overall progress, or to provide transparency for how billions of dollars in planned investments are being applied.⁵²

⁵² U.S. Government Accountability Office. *Military Transformation[:] Clear Leadership, Accountability, and Management Tools Are Needed to Enhance DOD's Efforts to Transform Military Capabilities*, GAO-05-70, December 2004.

Funding For Transformation vs. Near-Term Priorities. Some observers argue that the Administration's plan for implementing transformation provides too much funding for longer-term transformation goals and not enough funding for near-term needs. They have argued, for example, that the Administration's plan provides significant funding for development of next-generation Army combat vehicles, but inadequate funding for modernization of current Army M1 tanks and M2 Bradley fighting vehicles. They also argue that the Administration has not adequately funded certain near-term Army readiness needs, such as ceramic body armor, Humvees with improved armor, and helicopter survivability equipment.

Other observers argue, conversely, that the Administration's plan, though nominally supportive of transformation, provides too much funding for legacy systems and not enough funding for transformation-related programs. They argue, for example, that even if one agrees with the relative emphasis in the Administration's transformation plan on tactical aircraft vs. UAVs/UCAVs and long-range bombers, the Administration's plan includes excessive amounts of funding for procurement of tactical aircraft while underfunding development of UAVs and UCAVs.

Supporters of the Administration's plan argue that it strikes the right balance between funding for legacy systems vs. transformation-related programs. They can argue that tactical aircraft like the F-22 and the STOVL (short takeoff, vertical landing) version of the JSF can be considered transformational, and that the Administration's plan includes actions aimed at ensuring that all tactical aircraft are procured in an economical fashion. Spending on UAVs and UCAVs, they argue, will increase substantially when UAVs and UCAVs now in development emerge from the development process and start to be procured in larger numbers. Legacy systems, supporters argue, should be modernized only if not doing so would create unacceptable operational risks, and that if instances are discovered where inadequate funding for modernization of legacy equipment creates unacceptable operational risks, additional funding can be moved into those areas to address the shortfall.

Office of Force Transformation. In light of DOD's decision to close OFT (see Background section), potential questions for Congress regarding the role of OFT in implementing transformation include the following:

- Has DOD properly relocated the functions formerly performed by OFT?
- How might the closure of OFT affect DOD's transformation efforts? What were the advantages and disadvantages of maintaining a separate DOD office dedicated to promoting and overseeing defense transformation? In light of the increased acceptance of defense transformation within DOD and elsewhere, is an office like OFT still necessary?

- What did OFT achieve while it existed?⁵³ How good a job did OFT do in explaining and garnering support for the general concept of transformation, and for specific transformation ideas? What lessons about the substance and implementation of defense transformation were learned as a result of OFT's operations?
- Did OFT have too much, not enough, or about the right amount of authority, staffing, and funding to carry out its responsibilities? Did OFT exercise too much, not enough, or about the right amount of control over the content of the transformation road maps submitted by the individual services and agencies?

U.S. Joint Forces Command. Potential questions for Congress regarding the role of USJFCOM in implementing transformation are similar to those above regarding OFT:

- Does USJFCOM have too much, not enough, or about the right amount of authority, staffing, and funding to carry out its responsibilities in developing joint doctrine for transformation and in managing joint exercises for testing transformation ideas?
- How good a job is USJFCOM doing in developing joint doctrine to be used by the services in developing compatible transformation road maps?
- What are the potential advantages and disadvantages of giving USJFCOM authority to allocate larger amounts of funding not simply for transformation-related research, development, and exercises, but for procurement of transformation-related equipment to be used by operational forces?
- Do USJFCOM's dual roles as a provider of joint forces and as DOD's premier transformation laboratory conflict with one another, and if so, what are the options for resolving the conflict?
- Are the transformation-related activities of OFT and USJFCOM sufficiently coordinated?

Experiments And Exercises. Some observers have expressed concern about whether experiments and exercises carried out nominally in support of transformation are sufficiently focused on exploring transformational warfighting ideas as opposed to demonstrating existing non-transformational capabilities. Observers have also expressed concern about whether experiments and exercises are sufficiently challenging and realistic, and whether they are "scripted" to ensure

⁵³ For an opinion column presenting views on this issue, see Terry Pudas, "Embedding transformation," *Defense News*, Sept. 18, 2006: 21.

the success of favored transformation ideas.⁵⁴ Potential questions for Congress regarding transformation-related tests and exercises include the following:

- Does the Administration's plan include too many, not enough, or about the right amount of transformation-related experiments and exercises?
- Are these experiments and exercises adequately funded to fulfill their stated objectives?
- Are they oriented toward examining transformational ideas, or are they oriented toward demonstrating existing or incrementally improved capabilities?
- Are they sufficiently challenging and realistic? Do they allow for failures from which lessons can be learned, or are they scripted to ensure the success of transformation ideas that are already believed to be true?
- How, if at all, have lessons from these experiments and exercises to date affected DOD's transformation plan?

Metrics for Transformation. Advocates of transformation argue that new metrics (i.e., methods of measurement or measures of effectiveness) will be needed to accurately measure the capabilities of transformed military forces and the effectiveness of transformational military systems, organizational changes, and concepts of operation. Traditional methods for measuring military power, such as

⁵⁴ Some observers, for example, expressed concern that USJFCOM's large Millennium Challenge 2002 exercise may have been scripted to ensure the success of favored DOD transformation ideas. See Richard Hart Sinnreich, "Cooking The Books Won't Help The Military Transform," *Lawton (OK) Constitution*, Aug. 18, 2002, p. 4; Dale Eisman, "Pentagon Leaders Defend War Game," *Norfolk Virginian-Pilot*, Aug. 21, 2002; Michael Gilbert, "General: Stryker Unit's Performance Not At Issue," *Tacoma New Tribune*, Aug. 22, 2002; Dennis O'Brien, "Controversial War Game Improved Warriors," *Norfolk Virginian-Pilot*, Aug. 23, 2002; Sean D. Naylor, "Fixed War Game?," *Army Times*, Aug. 26, 2002, p. 8; Jason Ma, "In Simulation, Navy Suffers Heavy Losses, Including Aircraft Carrier," *Inside the Navy*, Aug. 26, 2002: 1; Mackubin Thomas Owens, "Let's Not Rig Our War Games," *Wall Street Journal*, Aug. 29, 2002; William F. Kernan, "Joint War Games," *Army Times*, Sept. 16, 2002, p. 52 (letter to the editor); Bradley Graham, "Criticism Of War Game Rejected," *Washington Post*, Sept. 18, 2002, p. 27; Elaine M. Grossman, "Generals Take Stock Of U.S. Vulnerability To Common Technologies," *Inside the Pentagon*, Sept. 19, 2002; Michael Schrage, "Military Overkill Defeats Virtual War," *Washington Post*, Sept. 22, 2002, p. B5; Lionel Van Deerlin, "Taking Their Warships And Going Home," *San Diego Union-Tribune*, Nov. 6, 2002; and Jeff Huber, "Invasion of the Transformers," *U.S. Naval Institute Proceedings*, October 2003, pp. 74-76, particularly the section entitled "New Dogs, Old Tricks." See, also, Loren B. Thompson, "Revolution Gone Awry[:] How Transformation May Undermine Military Preparedness," Remarks Before the Council on Foreign Relations Security Roundtable, Nov. 18, 2002 and Keith J. Costa, "Konetzni: Transformation In Need Of 'Solid Intellectual Analysis,'" *Inside the Pentagon*, May 22, 2003.

the total number of divisions, air wings, and ships, they argue, will need to be replaced by more sophisticated measures that take into account not only the raw numbers of platforms or units in a military force, but also the effect of NCW, EBO, and other new technologies and ideas in increasing the overall effectiveness of a force that includes a certain number of such platforms. Similarly, they argue that in assessing the effectiveness of proposed transformational weapon systems, traditional performance measures, such as platform speed and range, will need to be supplemented or replaced by new measures that take into account factors such as the system's ability to operate in a network environment so as to contribute to, and take advantage of, targeting and other information distributed over the network. Potential questions for Congress include the following:

- To what degree has DOD developed new metrics for measuring the capabilities of transformed military forces and the effectiveness of transformational military systems? To what degree is DOD using these new metrics in making decisions about programs and resources? When will the process of developing and applying new metrics be complete?
- Who is involved in developing the new metrics, and what process is being used to develop them?
- Are DOD's emerging new metrics unduly biased against legacy forces? Are they unduly biased in favor of its own transformation proposals vs. transformation proposals offered by others?

Independent Analysis. Some observers have expressed concern that there has been relatively little formal analysis or review by specialists independent of DOD of the merits of the Administration's proposals for transformation. One article, for example, states:

There's at least one potential drawback to all of this "transformation": It has been subjected to remarkably little outside scrutiny or independent analysis....

Indeed, without rigorous congressional oversight or a thorough analysis of the risks-versus-rewards trade-offs of transformation, experts worry that the rapid and profound changes now under way could lead to unpleasant and unintended surprises. As Pentagon officials have rewritten U.S. strategic war plans, they have touted the success of the three-week Iraqi Freedom campaign. But relatively little analysis has been conducted of the difficult aftermath in Iraq and whether the war-fighting model actually contributed to many of the post-conflict difficulties. Many military experts also caution that the Iraqi army was too weak an opponent on which to base such fundamental reforms....

Even some transformation advocates question whether Rumsfeld's plans have enough checks and balances in place. The transformation umbrella is casting an ever-greater shadow over a growing host of initiatives, for instance, that have not seen the light of independent scrutiny. "Without independent analysis, we may never know the true lessons of the Iraq war," Krepinevich said. Clear troubles that arose with that campaign, such as problems with logistics and supply, have

not been studied adequately, he says. “Basically, the Pentagon and U.S. military are grading their own homework.”⁵⁵

Culture of Innovation. DOD officials and other observers note that instilling a culture of innovation among DOD personnel will be critical to implementing transformation.⁵⁶ Instilling such a culture could involve things such as actions to create an institutional and workplace receptiveness to new ideas, procedures for protecting people who generate new ideas, and avoidance of the so-called “zero-defect” approach for assessing performance and selecting people for advancement.⁵⁷

Potential challenges to creating a culture of innovation include a widespread familiarity and comfort with the status quo, the so-called “not-invented-here” syndrome,⁵⁸ a cadre of senior officers who were taught, and have spent their entire careers abiding by, traditional ideas and practices, and the difficulty of quantifying or explaining the potential advantages of proposed innovations. A 2002 survey of more than 2,500 U.S. military officers provided mixed evidence on whether those officers believed such a culture was being created.⁵⁹ Potential questions for Congress include the following:

- What steps have been taken, or are planned, to promote a culture of innovation among DOD personnel to support transformation?
- What incentives are in place, or will be in place, to reward the generation of innovative ideas? What additional incentives are required?
- What actions have been taken, or will be taken, to ensure that personnel who propose innovative ideas will not be penalized when

⁵⁵ James Kitfield, “About-Face,” *National Journal*, Jan. 31, 2004. See also Loren B. Thompson, “Revolution Gone Awry[:] How ‘Transformation May Undermine Military Preparedness,’” Remarks Before the Council on Foreign Relations Security Roundtable, Nov. 18, 2002; Michael Schrage, “Military Overkill Defeats Virtual War,” *Washington Post*, Sept. 22, 2002, p. B5; and Keith J. Costa, “Konetzni: Transformation In Need Of ‘Solid Intellectual Analysis,’” *Inside the Pentagon*, May 22, 2003.)

⁵⁶ See, for example, Geoff Fein, “Intellectual, Cultural Change Needed For Transformation, Official Says,” *Defense Daily*, Jan. 24, 2006.

⁵⁷ Under the “zero-defect” approach, only applicants who have made zero mistakes are selected for promotion, while applicants who have one or more mistakes on their record are ruled out for promotion. Critics of this approach argue that people who have made no mistakes in their careers are also likely to have never tried to accomplish anything that, if successful, would have qualified as a useful innovation.

⁵⁸ This refers to an inclination to be uninterested, or hostile to, in ideas that come from outside one’s own organization.

⁵⁹ Thomas G. Mahnken and James R. FitzSimonds, *The Limits of Transformation: Officer Attitudes Toward the Revolution in Military Affairs*, Newport Paper #17, (Newport: Naval War College, 2003). See also Gordon Lubold, “Survey Shows Many Officers Skeptical Of Transformation,” *Marine Corps Times*, Nov. 24, 2003, p. 22.) See also Thomas E. Ricks, “A Test Case For Bush’s Military Reform Pledge?” *Washington Post*, Feb. 20, 2002, p. 13.

those ideas are rejected or are disproved in experiments and exercises?

- What provisions does the Administration's approach to transformation have for maintaining and protecting in-house contrarian thinkers — what might be called “members of the loyal opposition” — whose transformation ideas, though rejected or disproved in experiments and exercises, might one day, under different circumstances, prove useful?
- What changes, if any, to officer education and officer career paths are needed to promote a culture of innovation? How many of these changes have been made? Of those that haven't, how many would require legislation to implement?
- What evidence is there that a culture of innovation is taking root? In what ways has the Administration's transformation plan been altered by innovative ideas generated by officers who are not in offices, such as OFT, that are directly responsible for guiding or administering transformation efforts?⁶⁰

Potential Implications for Congressional Oversight of DOD

A third potential issue for Congress concerns the implications of defense transformation for congressional oversight of DOD activities. Potential areas of focus include organizational issues, sufficiency of information and metrics for assessment, oversight of weapons acquisition, the Administration's use of the concept of transformation in justifying its proposals to Congress, and potential Congressional initiatives on transformation.

Committee Organization. The concept of transformation can lead to new ways of examining defense issues. It can, for example, lead to a greater focus on examining issues from a joint rather than service-specific perspective, a greater focus on asymmetric as opposed to conventional military threats, or a greater focus on networks, sensors, and C4ISR equipment rather than individual military platforms such as aircraft, ships, and ground vehicles.

The defense oversight committees in recent years have responded to this situation by making certain changes in organization and activities. The Senate Armed Services Committee, for example, created a new subcommittee on emerging threats and capabilities, while the House Armed Services Committee created a new subcommittee on terrorism, unconventional threats and capabilities. The committees have shifted staff assignments and hired new staff to increase their ability to conduct oversight of transformation-related topics such as C4ISR programs. And the committees have held a number of hearings on transformation and transformation-

⁶⁰ For additional discussion, see Johnson, Edgar M. *Workshop Introducing Innovation and Risk: Implications of Transforming the Culture of DOD*. Washington, 2004, 35 pp. (Institute for Defense Analyses, March 2004)

related topics. A potential question for Congress at this point is whether any further organizational changes are needed to improve the ability of the defense-oversight committees to incorporate the concept of transformation into congressional oversight of DOD activities.

Adequacy of Information and Metrics for Assessment.

Transformation is a broad topic with many elements subject to frequent change and development. In addition, measuring progress in attaining transformation can be a complex undertaking. Transformation thus raises a potential issue as to whether Congress has adequate information and tools for assessing DOD's progress in implementing transformation. Potential questions for Congress on this issue include the following:

- Are the defense budget and related budget-justification documents that are submitted to Congress adequately organized and presented to support the incorporation of the concept of transformation into Congress's review of the budget? If not, in what ways should the organization and content of the budget and the budget-justification documents be changed?
- Does DOD provide Congress with sufficiently detailed and periodic information about the status of DOD transformation efforts to support congressional oversight of these efforts? Should Congress, for example, require DOD to submit periodic reports on the status of transformation in general, or of specific aspects of transformation?
- Does Congress have adequate metrics for measuring military capability in light of transformation-related changes, such as NCW, or for assessing DOD's success in implementing transformation?

Oversight of Weapons Acquisition. As mentioned earlier, the administration, as part of its efforts in support of transformation, has revised the regulations governing the acquisition of new weapons and systems with the aim of saving money and reducing acquisition cycle time. Key among the changes implemented by DOD is evolutionary acquisition with spiral development (EA/SD), which DOD has identified as its new preferred acquisition strategy.

Although the overall goal of EA/SD — to make the acquisition system more responsive to rapid changes in threats, technology, and warfighter needs — is widely supported (as discussed in more detail in CRS Report RS21195, *Evolutionary Acquisition and Spiral Development in DOD Programs: Policy Issues for Congress*, by Gary J. Pagliano and Ronald O'Rourke), EA/SD poses potentially significant issues for congressional oversight, particularly for newly initiated weapon acquisition programs, in three areas:

- **Ambiguous initial program description.** Programs initiated under EA/SD may not be well defined at the outset in terms of system design, quantities to be procured, development and procurement costs, and program schedule. These are key program characteristics that Congress in the past has wanted to understand in some detail

before deciding whether to approve the start of a new weapon acquisition program. EA/SD can thus put Congress in the position of deciding whether to approve the start of a new a program with less information than it has had in the past.

- **Lack of well-defined benchmarks.** A corollary to the above is that Congress may not, years later, have well-defined initial program benchmarks against which to measure the performance of the military service managing the program or the contractor.
- **Funding projections potentially more volatile.** Although projections of future funding requirements for weapons acquisition programs are subject to change for various reasons, funding projections for EA/SD programs may be subject to even greater volatility due to each program's inherent potential for repeated refinements in performance requirements or technical approaches. As a result, any long-range projections of future funding requirements for EA/SD programs may be even less reliable than projections for systems pursued under the traditional DOD acquisition approach.

Supporters of EA/SD argue that it can improve congressional oversight of DOD weapon acquisition programs because the information that DOD provides for a given program will focus on the specific part of the program that is proposed for development over the next few years. This information, they argue, will be more reliable — and thus better for Congress to use in conducting its oversight role — than the kind of long-range information that used to be provided under the traditional DOD acquisition approach. Skeptics of EA/SD, however, could argue that it has the potential for drawing Congress into programs to a point where extrication becomes difficult if not impossible, and without a clear idea of a program's ultimate objectives. Skeptics could also argue that a lack of long-term cost and performance projections makes it more difficult to assess potential long-term affordability and cost effectiveness.

Potential questions for Congress and DOD regarding congressional oversight of EA/SD programs include the following:

- What might be the impact on both congressional approval of new weapon acquisition programs and subsequent congressional oversight of those programs, of having limited initial detail in terms of system design, quantities to be procured, procurement schedules, and total costs?
- How might congressional oversight of weapon development programs be affected if program information with longer time horizons but potentially less reliability is exchanged for program information with potentially greater short-term reliability — but without previously available, if imperfect, estimates of full program costs?

- To what extent might DOD's new preference for EA/SD be influenced, as some critics contend, by the knowledge that it might relieve DOD of the responsibility for providing specific answers to congressional questions regarding system architecture, effectiveness, time lines, long-term strategic implications and cost?

Transformation As All-Purpose Justification Tool. Some observers are concerned that the Administration's regular (some might even say habitual) use of the term transformation in discussing its proposals for DOD during the period 2001-2004 turned the concept of transformation into an empty slogan or buzz-phrase. Other observers are concerned that the Administration has invoked the term transformation as an all-purpose rhetorical tool for justifying its various proposals for DOD, whether they relate to transformation or not, and for encouraging minimal debate on those proposals by tying the concept of transformation to the urgent need to fight the war on terrorism.

Concerns along these lines were heightened by the "Defense Transformation for the 21st Century Act of 2003," a 205-page legislative proposal that the Administration submitted to Congress on April 10, 2003, that would, among other things, permit DOD to establish its own policies for hiring, firing, and compensating its civil service employees; change the terms in office for certain senior generals and admirals; give DOD increased authority to transfer funds between DOD budget accounts; alter laws relating to the protection of marine mammals; and eliminate many DOD reporting requirements that were instituted to assist Congress in conducting oversight of DOD activities.⁶¹

Potential oversight questions for Congress relating to the Administration's use of transformation in justifying its proposals for DOD include the following:

- Has the Administration debased the concept of transformation through overuse?
- Has the Administration, in justifying its proposals for DOD, drawn adequate distinctions between proposals that are transformational and proposals that are not transformational but might nevertheless be worthwhile for other reasons?
- Has the Administration used the term transformation in part to cloud potential issues pertaining to its proposals for DOD or to minimize congressional debate on those proposals?

⁶¹ See, for example, John M. Donnelly, "Hill Rebuffing Rumsfeld Plan To Kill Reports To Congress," *Defense Week Daily Update*, May 15, 2003; John Liang, "House Democrats Object To DoD Transformation Legislation," *InsideDefense.com*, May 14, 2003; William Matthews and Gopal Ratnam, "Transformation Act Draws U.S. Lawmakers' Fire," *DefenseNews*, May 5, 2003, p. 1; and Lawrence Korb, "Pentagon Independence," *DefenseNews*, June 2, 2003, p. 29. For more on this proposed legislative package, see CRS Report RL31916, *Defense Department Original Transformation Proposal: Compared to Existing Law*, by Robert L. Goldich, et al.

- Has the Administration used the large, complex, and somewhat abstract topic of transformation in part to occupy Congress's attention and thereby distract Congress from conducting detailed oversight on DOD's proposed budgets, or to keep Congress off balance as it attempts to conduct oversight of DOD activities?

Congressional Transformation Initiatives. In addition to responding to DOD proposals for transformation, Congress may consider the option of instituting its transformation initiatives not proposed by DOD. As mentioned in the background section, Congress in the past has initiated changes that can be viewed as transformational that were not originally proposed by DOD. Potential questions for Congress in connection with potential new congressional transformation initiatives include the following:

- Are there any potentially worthy areas of transformation, or ideas or proposals for transformation, that DOD has overlooked or paid too little attention to in its transformation planning?
- Are there any DOD goals for transformation that Congress should consider expanding or accelerating?

Potential Impact of Rumsfeld's Departure on Transformation

On November 8, 2006, President Bush announced that Donald Rumsfeld was resigning as Secretary of Defense, and that Robert Gates, who served as director of the CIA during the administration of George H.W. Bush, would be nominated as Rumsfeld's replacement. Rumsfeld was a key designer of DOD's transformation plans and, as of November 2006, perhaps the most prominent single advocate for defense transformation. Gates, whose career has been primarily in intelligence rather than defense, is not generally known as a leading advocate of, or commentator on, defense transformation. Rumsfeld's departure and his replacement (if confirmed by the Senate) by Gates thus raises a question concerning the future of defense transformation. Potential questions for Congress include the following:

- How high a priority will transformation be for DOD after Rumsfeld's departure?
- How might DOD transformation plans change as a result of Rumsfeld's departure?

One article about Rumsfeld's announced departure and Gates's nomination stated:

Course corrections for Iraq are certainly anticipated, but officials predicted that Mr. Rumsfeld's push for future military transformation would become a secondary priority as Mr. Gates deals with the challenges that threaten to overwhelm both the military and its budget.

“Gates will focus less on transformation and more on understanding the world around us,” one Pentagon official said. “We all agree that needs to happen.”⁶²

A second article stated:

Rumsfeld, who first served as secretary of defense during the Ford administration from 1975 to 1977, returned as defense secretary in 2001 vowing to transform the military into a highly mobile and technological force.

But some of his decisions, such as relying more heavily on special forces rather than large divisions and slashing prized weapon systems, immediately sparked opposition. And his reputation for brooking little dissent and discounting military advice engendered growing resentment.

Yet Rumsfeld — who next month will become the longest-serving defense secretary ever — is also credited with bringing his corporate executive’s knife to a massive bureaucracy in critical need of reform. In particular, he improved the Defense Department’s famously imprecise financial controls and forced unpopular changes to an entrenched civilian workforce.

Many of his supporters believe the changes he championed — over the objections of a culture highly resistant to change — help explain his frayed relations with military leaders and a handful of retired generals who have increasingly called for his removal.⁶³

A third article stated:

[Rumsfeld’s] many supporters credit him with making tough decisions, speeding up the transformation of the military, cutting outdated weapons systems, advancing the missile defense system, creating a new focus on domestic security, repositioning forces out of Germany and South Korea, and reorganizing the Army to make it more adaptable.

But critics shook their heads in dismay as he considered cutting the Army by two divisions early in his tenure. They also charge that he allowed strong-willed deputies to drop the military’s adherence to the baseline standards of the Geneva Convention and created a military prison at Guantanamo Bay beyond the reach of American courts.

The critics said he equated long experience with antiquated thinking, and ran roughshod over people who offered alternate ideas. To these critics, the difficulties of the Iraq war are the natural result of Rumsfeld’s tendency to ignore the warnings of others.

Lawrence DiRita, a former advisor to Rumsfeld, disputed the criticism and argued that his former boss accelerated the military’s move toward a more nimble and faster-moving force.

⁶² Thom Shanker and Mark Mazzetti, “Gaining Military’s Trust Is Early Step For Incoming Defense Secretary,” *New York Times*, November 9, 2006.

⁶³ Bryan Bender, “Secretary’s Style Drew Resentment,” *Boston Globe*, November 9, 2006.

“Adversaries around the world understand how much more capable we are today,” DiRita said. “There has been a paradigm shift at the Department of Defense toward speed, agility and precision.”⁶⁴

A fourth article stated:

At the Pentagon, Mr. Rumsfeld’s program was called “transformation,” and it acquired the status of an official ideology. Mr. Rumsfeld was enamored of missile defense and space-based systems, issues he had worked on during his years out of office. Like many conservatives, he was wary about the Army leadership, which he considered to be too wedded to heavy forces and too slow to change....

Within the military establishment, however, the defense secretary quickly became a contentious figure as his penchant for hands-on management and his theories on military transformation were given a field test. Mr. Rumsfeld did not decide how many troops would be deployed for the war in Iraq, but he helped pick the generals who did. He never hesitated to push, prod and ask questions to shape their recommendations....

In terms of his transformation agenda, Mr. Rumsfeld enjoyed, at best, mixed success. He overhauled the cold-war-era system of military bases around the world, a decision that has led to the reduction in American forces in Europe and Korea. He also insisted on greater cooperation among the military services.

“On the positive side he brought the armed forces to a much higher degree of joint thinking and integration,” said Barry M. Blechman, a member of the Defense Policy Board, which advises Mr. Rumsfeld, and the president of DFI International, a consulting firm.

Still, despite Mr. Rumsfeld’s avowed intention to challenge orthodox Pentagon thinking, few major weapons programs were canceled and the military’s force structure and spending patterns were not radically altered.

“At the end of the day you would have to say that for Rumsfeld, transformation was more promise than reality,” said Andrew F. Krepinevich Jr., the executive director of the Center for Strategic and Budgetary Assessments. “He made a start, but these things take time, and it is clear now that Iraq has denied him that time.”⁶⁵

⁶⁴ Julian E. Barnes, “Rumsfeld Sought A New Role For Pentagon,” *Los Angeles Times*, November 9, 2006.

⁶⁵ Michael R. Gordon, “Rumsfeld, A Force For Change, Did Not Change With The Times Amid Iraq Tumult,” *New York Times*, November 9, 2006.

Legislative Activity For FY2007

FY2007 Defense Authorization Act (H.R. 5122/P.L. 109-364)

House. Section 346 of H.R. 5122 would require the Army to take certain steps regarding the prioritization of Army funds for reconstitution and transformation, and to report to Congress on these steps. **Section 403** of the bill would permit the Secretary of Defense to increase the end strengths of the Army and Marine Corps by as many as 20,000 and 4,000, respectively, in FY2008 and FY2009, to support operational missions or “achieve transformational reorganization objectives, including objectives for increased numbers of combat brigades and battalions, increased unit manning, force stabilization and shaping, and rebalancing of the active and reserve component forces.” **Section 3111** would require the Secretary of Energy and the Secretary of Defense to “develop a plan to transform the nuclear weapons complex so as to achieve a responsive infrastructure by 2030,” and to report to Congress on this plan.

The **House Armed Services Committee**, in its report (**H.Rept. 109-452** of May 5, 2006) on H.R. 5122, discusses transformation in several places, including, among others, the following:

- transformation vs. other priorities (page 256);
- DOD’s Business Transformation Agency (BTA) (pages 246 and 294);
- the Office of Force Transformation (OFT) (specifically, Project Sheriff and the tactical re-directed energy technology initiative) (pages 249-250);
- Army modernization and transformation (pages 30-32);
- the Army Knowledge Management program (page 289);
- Army logistics modernization (page 295);
- the Army National Guard (page 316);
- Air Force transformation (pages 294-295); and
- the transformation of the nuclear weapons complex (pages 459-460 and 461-463).

Senate. Section 111 of the Senate version of the FY2007 defense authorization bill (S. 2766) would limit the availability of funds for the Army Joint Network Node until the Army provides a report to Congress. **Section 112** would require a GAO report on the Future Combat System (FCS). **Section 113** would require the Army to report on the Army Modularity Initiative. **Section 211** would limit the availability of funds for the FCS program until DOD submits an independent cost estimate for the program. **Section 311** would limit the availability of funds for the Army Logistics Modernization Program until the Chairman of the Defense Business Systems Modernization Committee certifies certain things about the program.

The **Senate Armed Services Committee**, in its report (**S.Rept. 109-254** of May 9, 2006) on S. 2766, states that during its deliberations on the proposed FY2007 defense budget and related defense issues, it “identified seven priorities to guide its

work on the National Defense Authorization Act for Fiscal Year 2007,” including “supporting the Department’s efforts to develop innovative, forward-looking capabilities necessary to modernize and transform the armed forces to successfully counter current and future threats, particularly by enhancing our technology in areas such as unmanned systems, personnel protection systems, and measures to counter improvised explosive devices.” (Pages 3-4) The report states:

In order to confront irregular warfare threats, the Department must modernize and transform the armed forces. Since 2001, the Department has undergone significant modernization and transformation even during a time of war. The committee supported the Department’s transformational activities, including authorizing funds for the construction of eight ships, for a total of \$12.1 billion; including a provision to promote coordinated joint development, procurement, and operation of unmanned systems; adding funds for the continued development of the Joint Strike Fighter interchangeable engine during fiscal year 2007; authorizing the budget request of \$3.7 billion for the Army’s Future Combat Systems program; and authorizing an increase of nearly \$365.0 million over the President’s budget request of \$11.1 billion for science and technology programs. (Page 6)

Regarding military health care, the report states:

The committee commends the Department for reform efforts already underway, including plans for the deployment of an electronic medical records system. However, the committee believes that more needs to be done. Health care reform will be incremental, but it must be achieved. The committee recommends 10 provisions (secs. 702, 721, 722, 723, 725, 726, 728, 744, 745, and 923) for fiscal year 2007 that are intended to support the transformation of the military health system to a modern and more efficient health care system. (Page 350)

The report discusses transformation in several other places, including, among others, the following:

- the Office of Force Transformation (specifically, operationally responsive space payloads) (page 228);
- the Army Logistics Modernization Program (page 272);
- the Army Strategic Management System (page 285);
- Marine aviation transformation (page 303);
- the Business transformation Agency (BTA) (page 395);
- Army modernization and transformation (pages 418); and
- transformation of the nuclear weapons complex (pages 513-514).

Conference Report. The conference report (H.Rept. 109-702 of September 29, 2006) on H.R. 5122/P.L. 109-364 of October 17, 2006 contains numerous references to transformation, including those detailed below.

Section 323 of the act states:

SEC. 323. PRIORITIZATION OF FUNDS FOR EQUIPMENT READINESS AND STRATEGIC CAPABILITY.

(a) **PRIORITIZATION OF FUNDS.** — The Secretary of Defense shall take such steps as may be necessary through the planning, programming, budgeting, and execution systems of the Department of Defense to ensure that financial resources are provided for each fiscal year as necessary to enable —

(1) the Secretary of each military department to meet the requirements of that military department for that fiscal year for the repair, recapitalization, and replacement of equipment used in the global war on terrorism; and

(2) the Secretary of the Army to meet the requirements of the Army for that fiscal year, in addition to the requirements under paragraph (1), for —

(A) the fulfillment of the equipment requirements of units **transforming to modularity** in accordance with the Modular Force Initiative report submitted to Congress in March 2006; and

(B) the reconstitution of equipment and materiel in prepositioned stocks in accordance with requirements under the Army Prepositioned Stocks Strategy 2012 or a subsequent strategy implemented under the guidelines in section 2229 of title 10, United States Code.

(b) **SUBMISSION OF BUDGET INFORMATION.** —

(1) **SUBMISSION OF INFORMATION.** — As part of the budget justification materials submitted to Congress in support of the President's budget for a fiscal year or a request for supplemental appropriations, the Secretary of Defense shall include the following:

(A) The information described in paragraph (2) for the fiscal year for which the budget justification materials are submitted, the fiscal year during which the materials are submitted, and the preceding fiscal year.

(B) The information described in paragraph (2) for each of the fiscal years covered by the future-years defense program for the fiscal year in which the report is submitted based on estimates of any amounts required to meet each of the requirements under subsection (a) that are not met for that fiscal year and are deferred to the future-years defense program.

(C) A consolidated budget justification summary of the information submitted under subparagraphs (A) and (B).

(2) **INFORMATION DESCRIBED.** — The information described in this paragraph is information that clearly and separately identifies, by appropriations account, budget activity, activity group, sub-activity group, and program element or line item, the amounts requested for the programs, projects, and activities of —

(A) each of the military departments for the repair, recapitalization, or replacement of equipment used in the global war on terrorism; and

(B) the Army for —

(i) the fulfillment of the equipment requirements of units **transforming to modularity**; and

(ii) the reconstitution of equipment and materiel in prepositioned stocks.

(3) **ADDITIONAL INFORMATION IN FIRST REPORT.** — As part of the budget justification materials submitted to Congress in support of the President's budget for fiscal year 2008, the Secretary of Defense shall also include the information described in paragraph (2) for fiscal years 2003, 2004, and 2005.

Section 403 states in part:

SEC. 403. ADDITIONAL AUTHORITY FOR INCREASES OF ARMY AND MARINE CORPS ACTIVE DUTY END STRENGTHS FOR FISCAL YEARS 2008 AND 2009.

Effective October 1, 2007, the text of section 403 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108 — 375; 118 Stat. 1863) is amended to read as follows:

“(a) **AUTHORITY.** —

“(1) **ARMY.** — For each of fiscal years 2008 and 2009, the Secretary of Defense may, as the Secretary determines necessary for the purposes specified in paragraph (3), establish the active-duty end strength for the Army at a number greater than the number otherwise authorized by law up to the number equal to the fiscal-year 2007 baseline plus 20,000.

“(2) **MARINE CORPS.** — For each of fiscal years 2008 and 2009, the Secretary of Defense may, as the Secretary determines necessary for the purposes specified in paragraph (3), establish the active-duty end strength for the Marine Corps at a number greater than the number otherwise authorized by law up to the number equal to the fiscal-year 2007 baseline plus 4,000.

“(3) **PURPOSE OF INCREASES.** — The purposes for which increases may be made in Army and Marine Corps active duty end strengths under paragraphs (1) and (2) are —

“(A) to support operational missions; and

“(B) to achieve **transformational reorganization objectives**, including objectives for increased numbers of combat brigades and battalions, increased unit manning, force stabilization and shaping, and rebalancing of the active and reserve component forces....”.

Section 804 states:

SEC. 804. BIENNIAL UPDATES ON IMPLEMENTATION OF ACQUISITION REFORM IN THE DEPARTMENT OF DEFENSE.

(a) **BIENNIAL UPDATES REQUIREMENT.** — Not later than January 1 and July 1 of each year, beginning with January 1, 2007, the Secretary of Defense shall provide to the Committees on Armed Services of the Senate and the House of Representatives a report containing an update on the implementation of plans to reform the acquisition system in the Department of Defense.

(b) **MATTERS COVERED.** — Each report provided under subsection (a) shall cover the implementation of reforms of the processes for acquisition, including generation of requirements, award of contracts, and financial management. At a minimum, the reports shall take into account the recommendations made by the following:

(1) The Defense Acquisition Performance Assessment Panel.

(2) The Defense Science Board Summer Study on **Transformation**, issued in February 2006.

(3) The Beyond Goldwater-Nichols Study of the Center for Strategic and International Studies.

(4) The Quadrennial Defense Review, issued February 6, 2006.

(c) **RECOMMENDATIONS.** — Each report submitted under subsection (a) shall include such recommendations as the Secretary considers appropriate, and implementation plans for the recommendations (d) **TERMINATION OF REPORT REQUIREMENT.** — The requirement to submit reports under subsection (a) shall terminate on December 31, 2008.

Section 3111 requires DOD to develop a plan for the transformation of the National Nuclear Security Administration (NNSA) nuclear weapon complex.

Regarding **Section 901**, the report states in part:

The conferees agree to include a provision requested by the Department of Defense that would amend section 138(a) of title 10, United States Code, to permit an increase in the number of assistant secretaries of defense (ASDs) from 9 to 10 in order to facilitate a reorganization of the Office of the Under Secretary of Defense for Policy (OUSD(P)).

The conferees support the stated purpose of the reorganization, which is to develop a balanced set of portfolios that would allow more effective interaction with both commanders of the unified combatant commands and other Federal departments and agencies. The conferees understand that the Secretary of Defense intends to begin implementation of the OUSD(P) reorganization on or about October 1, 2006. While the conferees agree that the Secretary of Defense should adjust the roles and responsibilities within the OUSD(P) to address more effectively the full range of current and emerging national security challenges, the conferees share some concerns about the proposed reorganization. Chief among these concerns are:...

(3) the placement of ‘‘Forces Transformation and Resources’’ under the ASD for SOLIC/IC. The conferees have similar concerns about the different skill set and knowledge base required for overseeing transformation, as well as the U.S. Transportation Command. Placing such responsibilities under the ASD for SOLIC/IC would further divert focus from the statutory mission of this ASD....
(Page 790)